
CITY OF CHOICE
PIETERMARITZBURG
MSUNDUZI

ANNUAL BUDGET OF

Msunduzi Municipality

KZN225

2018/19 TO 2020/21

MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	City Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

Presentation to be done during Council sitting

1.2 It was resolved to recommend to Full Council that:

The Municipal Council of Msunduzi Local Municipality will meet in the Council Chambers of Msunduzi City Hall to consider the draft annual budget for the financial year 2018/19 and the two outer years.

It was resolved

That the Annual Budget of the Municipality for the financial year 2018/19, multi-year and single-year capital appropriations as set out in Tables A2 – A5 of the report dated …….. by the Chief Financial Officer, be APPROVED, as follows:

(i) Budgeted Financial Performance (Revenue and Expenditure by Standard Classification) as contained in Table A2.

(ii) Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote) as contained in Table A3.

(iii) Budgeted Financial Performance (Revenue by Source and Expenditure by Type) as contained in Table A4; and

(iv) Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.

(b) That the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in Tables A6 – A10 of the report dated 18 May 2018 by the Chief Financial Officer, be APPROVED, as follows:

(i) Budgeted Financial Position as contained in Table A6.

(ii) Budgeted Cash Flows as contained in Table A7.

(iii) Cash Backed Reserves and Accumulated Surplus Reconciliation as contained in Table A8.

(iv) Asset Management as contained in Table A9; and

(v) Basic Service Delivery Measurement as contained in Table A10.

(c) That with effect from 1 July 2018, the tariffs as set out on pages 9 - 16 of the report dated 19 March 2017 by the Chief Financial Officer, be APPROVED, as follows:

(i) the tariffs for electricity
(ii) the tariffs for the supply of water
(iii) the tariffs for sanitation services
(iv) the tariffs for solid waste services
(v) the tariffs for rates on different categories

(d) That all the following budget related policies as per the Annexure (Annual Budget and Medium Term Revenue and Expenditure Framework 2018/19-2020/21 Book) submitted in terms of S7 of Municipal Budget and Reporting Regulations, be APPROVED;-

a) Budget policy
b) Virement policy
c) Cash Management and Investment policy

d) Funding and Reserves policy
e) Credit Control and Debt Collection policy
f) Tariff policy
g) Indigent policy
h) Supply Chain Management policy
i) Assets Management policy
j) Grants policy
k) Insurance policy
l) Borrowing policy
m) Rates policy
n) Unauthorised, irregular or fruitless and wasteful expenditure policy
o) Infrastructure procurement and delivery management procedure manual
p) Contract management policy
q) Petty cash policy
r) Inventory management policy
s) Appointment of consultants policy
t) Commitments policy
u) Borrowing policy
v) Asset management guideline
w) General insurance policy

(e) That with effect from 1 July 2018 the tariffs for other services, as set out on paragraph 5 of the report dated 20 May 2018 by the Chief Financial Officer, be APPROVED.

(f) That authority be granted to the Municipal Manager to submit the Approved Annual budget and Medium Term Revenue and Expenditure Framework 2018/19 to 2020/21 as per the requirements of Department of Cooperative Governance and Traditional Affairs (COGTA)

(g) That authority be granted to the Municipal Manager to publish the Approved Annual budget and Medium term Revenue and Expenditure Framework 2018/19 to 2020/21 in terms of Chapter 4 of the Municipal Systems Act of 2000 (as amended).

(h) That authority be granted to the Municipal Manager to publish the budget related policies on the Internet and in all municipal buildings.

1.3 Executive Summary

The application of sound financial management principles for the compilation of the City's financial plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The City's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low - to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items.

The City has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the City has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

National Treasury's MFMA Circulars No. 51, 54, 55, 58, 59 ,67, 74, 78 and 79 were used to guide the compilation of the 2018/19 MTREF.

The main challenges experienced during the compilation of the 2018/19 MTREF can be summarized as follows:

- The ongoing difficulties in the national and local economy;

- Aging and poorly maintained water, roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Umgeni Water and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2018/19 MTREF process. The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- The 2017/18 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/19 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

While the municipality is optimistic about growth prospects in the next few year, there is no provision of such a growth in the municipality's revenue budget. Ordinarily, the

municipality is expected to reflect such a growth in the revenue budget, however, the municipality chose to be cautious and conservative in this case. Taking into account, the MFMA provision that the budget must be funded from realistically anticipated revenue for collection, the municipality opted to use the current revenue base for the purposes of the MTREF but adjustments will be done in future when such a growth in the revenue base materialises. Therefore the constant % increases of revenue over the MTREF must not be read as meaning that the municipality is not anticipating growth in the revenue base of the MTREF. This is rather informed by a conservative or cautious approach in light of the prevailing economic conditions.

Overall, the municipality's operating expenditure has increased by 3.6% and that is informed by the municipality's decision to cap operational costs through doing business in cost effective measures. This is informed by the municipality's desire to ensure that it remains financially sustainable and for that to be achieved, the municipality must budget for credible and sufficient operational budget surpluses. As a result, the municipality's operational budget surplus has increased from R43.4 million to R104 million resulting to a net cash surplus of R196.5 million.

The above-mentioned cash surplus is based on a conservative assumption of a 90% average debt collection, 95% contracted services and 100% expenditure for other items except employee related costs in which 90% expenditure is assumed.

Table 1 Consolidated Overview of the 2017/18 MTREF

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Revenue (excluding capital transfers and contributions)	3,824,882	3,981,641	4,140,323	4,937,818	4,797,333	4,797,333	4,797,333	5,031,948	5,368,255	5,770,163
Total Expenditure	4,132,346	4,232,660	4,812,863	4,903,988	4,753,966	4,753,966	4,753,966	4,927,968	5,217,762	5,594,331
Surplus/(Deficit)	(307,464)	(251,020)	(672,540)	33,830	43,367	43,367	43,367	103,980	150,493	175,832
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	356,459	303,484	436,141	460,257	411,358	411,358	411,358	404,341	394,145	447,606
Surplus/(Deficit) for the year	48,995	52,465	(236,399)	494,087	454,725	454,725	454,725	508,321	544,638	623,438

Total operating revenue of R 5.032 billion has grown by 4.9 per cent or R 234.6 million for the 2018/19 financial year when compared to the 2017/18 Adjustments Budget. For the two outer years, operational revenue will increase by 6.7 per cent (R 336.3 million) and 7.5 per cent (R

402 million) respectively, equating to a total revenue growth of R 927.8 million over the MTREF when compared to the revenue budget of 2017/18 financial year.

Total operating expenditure for the 2018/19 financial year has been appropriated at R4.928 billion and results to a budgeted surplus of R104 million. When compared to the 2017/18 Adjustments Budget, operational expenditure has grown overall by 3.7 per cent in the 2018/19 budget and by 5.9 and 7.2 per cent for each of the respective outer years of the MTREF.

The capital budget of R 571.4 million (R 404.3 million grant funding, R42 million borrowings and R125 million internal funding) for 2018/19 is R191.2 million less when compared to the 2017/18 Adjustment Budget.

1.4 Operating Revenue Framework

In order for the Msunduzi Local Municipality to continue improving the quality of services that is provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the City and continued economic development;
- Efficient revenue management, which aims to ensure a 100 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;

- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the City.

While the municipality is optimistic about growth prospects in the next few year, there is no provision of such a growth in the municipality's revenue budget. Ordinarily, the municipality is expected to reflect such a growth in the revenue budget, however, the municipality chose to be cautious and conservative in this case. Taking into account, the MFMA provision that the budget must be funded from realistically anticipated revenue for collection, the municipality opted to use the current revenue base for the purposes of the MTREF but adjustments will be done in future when such a growth in the revenue base materialises.

The following table is a summary of the 2018/19 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source										
Property rates	686,396	742,052	795,878	849,846	849,846	849,846	849,846	900,837	954,887	1,012,180
Service charges - electricity revenue	1,566,133	1,798,548	1,865,158	2,038,443	2,038,443	2,038,443	2,038,443	2,177,873	2,326,839	2,485,995
Service charges - water revenue	452,443	473,021	464,204	716,666	612,836	612,836	612,836	603,661	682,619	771,906
Service charges - sanitation revenue	127,516	126,391	121,806	157,301	129,313	129,313	129,313	137,072	145,296	154,014
Service charges - refuse revenue	81,544	84,240	88,928	105,929	100,260	100,260	100,260	106,276	112,653	119,412
Service charges - other										
Rental of facilities and equipment	23,477	20,851	26,144	22,085	24,382	24,382	24,382	35,220	36,240	38,415
Interest earned - external investments	50,973	68,242	54,590	52,424	37,968	37,968	37,968	39,866	41,860	43,953
Interest earned - outstanding debtors	69,529	80,450	96,347	66,259	111,190	111,190	111,190	118,141	125,197	132,709
Dividends received										
Fines, penalties and forfeits	138,841	52,922	18,046	71,432	70,867	70,867	70,867	75,203	79,705	84,488
Licences and permits	89	272	521	97	5,766	5,766	5,766	100	106	112
Agency services	578	2,148	2,998	713	713	713	713			
Transfers and subsidies	519,604	466,156	497,277	589,271	619,577	619,577	619,577	672,679	691,597	745,450
Other revenue	89,221	66,348	108,426	267,351	196,172	196,172	196,172	165,019	171,254	181,529
Gains on disposal of PPE	18,537	–								
Total Revenue (excluding capital transfers and contributions)	3,824,882	3,981,641	4,140,323	4,937,818	4,797,333	4,797,333	4,797,333	5,031,948	5,368,255	5,770,163

Table 3 Percentage growth in revenue by main revenue source

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

R thousand	Budget Year 2017/18		Budget Year 2018/19		Budget Year +1 2019/20		Budget Year +2 2020/21
Revenue By Source							
Property rates	849,846	6	900,837	6	954,887	6	1,012,180
Service charges - electricity revenue	2,038,443	7	2,177,873	7	2,326,839	7	2,485,995
Service charges - water revenue	612,836	(1)	603,661	13	682,619	13	771,906
Service charges - sanitation revenue	129,313	6	137,072	6	145,296	6	154,014
Service charges - refuse revenue	100,260	6	106,276	6	112,653	6	119,412
Service charges - other							
Rental of facilities and equipment	24,382	44	35,220	3	36,240	6	38,415
Interest earned - external investments	37,968	5	39,866	5	41,860	5	43,953
Interest earned - outstanding debtors	111,190	6	118,141	6	125,197	6	132,709
Dividends received							
Fines, penalties and forfeits	70,867	6	75,203	6	79,705	6	84,488
Licences and permits	5,766	(98)	100	6	106	6	112
Agency services	713	(100)					
Transfers and subsidies	619,577	9	672,679	3	691,597	8	745,450
Other revenue	196,172	(16)	165,019	4	171,254	6	181,529
Gains on disposal of PPE							
Total Revenue (excluding capital transfers and contributions)	4,797,333	5	5,031,948	7	5,368,255	7	5,770,163

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the City. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2017/18 financial year, revenue from rates and services charges totalled to R3.731 billion or 77.7 per cent. This increased to R3.926 billion, R4.222 billion and R4.544 billion for 2018/19, 2019/20 and 2020/21 respectively. A notable trend is the increase in the total percentage revenue generated from rates and services charges. The table above excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates are the second largest revenue source totalling 17 per cent or R900.8 million. Other revenue consists of various items such as fines, licences and permits, agency services, sale of produce, training recoveries, landing fees, passenger levy etc.

Operating grants and transfers totals R 672.7 million in the 2018/19 financial year and steadily increases to R 691.6 million by 2019/20, R745.5 million by 2020/21. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

KZN225 Msunduzi - Supporting Table SA18 Transfers and grant receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:									
Operating Transfers and Grants									
National Government:	475,437	437,999	467,989	520,105	520,105	520,105	580,856	611,054	662,072
Local Government Equitable Share	373,541	395,786	432,307	468,430	468,430	468,430	505,853	544,673	597,005
Finance Management	1,600	1,600	1,625	1,700	1,700	1,700	1,700	1,700	1,700
Municipal Systems Improvement	808	482							
EPWP Incentive	2,784	4,032	3,913	8,022	8,022	8,022	2,867		
Water Services Operating Subsidy	1,762								
Public Transport Infrastracture	88,849	27,408	15,108	21,001	21,001	21,001	48,773	42,609	42,902
Energy Efficiency and Demand Management									
Operating costs-MIG	6,093	8,690	15,036	20,951	20,951	20,951	21,663	22,072	20,465
Neighbourhood Development Partnership Technical ass									
Provincial Government:	43,754	28,157	29,288	69,167	69,167	69,167	28,281	29,488	31,963
Provincial Government:	3		1,075						
Expanded Public Works Grant	–	–							
Sport and Recreation	60	–							
Human Settlements	19,310	11,225	11,655	53,499	53,499	53,499	8,281	8,464	9,888
Arts and Culture- Community Library Services	7,450	6,618		612	612	612	643	685	738
Arts and Culture- Provincialisation	16,231	9,940	15,386	14,636	14,636	14,636	18,916	19,856	20,849
Arts and Culture-Museum Subsidies	478	268	27	420	420	420	441	483	488
COGTA	222	106	1,145						
Total Operating Transfers and Grants	519,604	466,156	497,277	589,271	589,271	589,271	609,137	640,542	694,035

1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. The regulations prescribing the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1 came into effect on 1 July 2009, whilst the rate ratio for Public Benefit Organizations came into

effect on 1 July 2010. The Property Rates Policy of the Municipality has been amended accordingly.

The categories of rateable properties for purposes of levying rates and the proposed rates for the 2017/18 financial year based on a 6.0 per cent increase from 1 July 2018 is contained below:

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a 100% rebate is granted on property values between R15 001 and R 100 000 is granted in terms of the City's own Property Rates Policy;
- For pensioners, disability grantees and child headed households, a maximum/total rebate of 40 per cent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to R 3 700.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2018/19 financial year based on a 6.0 per cent increase from 1 July 2017 is contained in the tariffs of charges.

Table 5 Comparison of proposed rates to levied for the 2017/18 financial year

		2017/18	2018/19	
		Cents in the R	Cents in the R	% Incr
(a)	Vacant Land - no rebate granted	0.0230	0.0243	6.00%
(b)	Unauthorised Use (Inclusive of surcharges)	0.0395	0.0418	6.00%
(c)	Residential Property	0.0127	0.0134	6.00%
(d)	Commercial Property (Previous Category: Other Property)	0.0222	0.0236	6.00%
(e)	Industrial Property (Previous Category: Other Property)	0.0222	0.0236	6.00%
(f)	Specialised Property (Previous Category: Other Property)	0.0222	0.0236	6.00%
(g)	Agricultural Property	0.0031	0.0033	6.00%
(h)	Public Service Infrastructure	0.0031	0.0033	6.00%
(i)	Rural Communal Property	0.0172	0.0182	6.00%
(j)	Home Business Property	0.0172	0.0182	6.00%
(k)	Sectional Title Garages - Separately Registered	0.0127	0.0134	6.00%
(l)	Mining Property	0.0222	0.0236	6.00%
(m)	Public Benefit Organisations	0.0031	0.0033	6.00%
		100%	100%	

1.4.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Council is working towards ensuring that water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2014.

Better maintenance of infrastructure, new dam construction and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umgeni Water has increased its bulk tariffs with an average of 13.08 % from 1 July 2018.

Umgeni Water has undertaken a critical assessment of its capital infrastructure requirements. The assessment indicates that Umgeni Water's current infrastructure is unlikely to sustain its long-term ability to supply water and they had no other choice but to enter capital markets to raise funds for infrastructure upgrades, hence the above inflation increase in the bulk cost of water.

An average tariff increase of 13.08% as from 1 July 2018 for water is proposed. The specific increases for different categories are detailed in the tariffs of charges and in the extract below.

Table 6 Proposed Water Tariffs

		2017/18 Excl. Vat	2018/19 Excl. Vat	% Incr
Water Supply Tariffs				
1	Scale 2 (1) – Domestic			
	Basic Charge	R 19.94	R 21.14	6.00%
	0kl to 6kl	R 61.76	R 69.84	13.08%
	2 (2) – Domestic			
	7kl to 30kl per kl	R 20.78	R 23.50	13.08%
	2 (3) – Domestic			
	31kl to 60kl per kl	R 35.91	R 40.61	13.08%
	2 (4) _Domestic			
	61kl and over per kl	R 41.92	R 47.40	13.08%
	2 (5) _Domestic			
	Flat rate (unmetered households)	R 92.32	R 104.40	13.08%
2	Scale 3A – Flats, Simplexes			
	Basic Charge	R 19.94	R 21.14	6.00%
	Unit	R 19.59	R 22.15	13.08%
3	Scale 3B – Flats (Non-Rateable)			
	Basic Charge	R 19.94	R 21.14	6.00%
	Unit	R 26.95	R 30.48	13.08%
4	Scale 4A (1) – Commercial			
	Basic Charge	R 33.23	R 35.23	6.00%
	0 - 30 kl per kl	R 21.93	R 24.80	13.08%
	4A (2) – Commercial			
	31kl to 60kl per kl	R 24.44	R 27.63	13.08%
	4A (3) – Commercial			
	61kl to 100kl per kl	R 28.67	R 32.42	13.08%
	4A (4) – Commercial			
	101kl and over per kl	R 21.93	R 24.80	13.08%
5	Scale 4B – Commercial (Non-Rateable)			
	Basic Charge	R 33.23	R 35.23	6.00%
	Unit	R 27.05	R 30.59	13.08%
6	Scale 5 – Builders, Construction Sites			
	Basic Charge	R 33.23	R 35.23	6.00%
	Unit	R 27.42	R 31.01	13.08%
	Flat Rate - Unmetered Fire Mains	R 230.81	R 261.00	13.08%
7	Scale 6 – Religious Organisations			
	Basic Charge	R 33.23	R 35.23	6.00%
	Unit	R 21.74	R 24.59	13.08%
8	Scale 7 – Registered Welfare & Charitable Institutions & certain Sporting Bodies which are exempted from payment of rates. Including such organizations & institutions exempted by the City Council.			
	Basic Charge	R 33.23	R 35.23	6.00%
	Unit	R 21.74	R 24.59	13.08%
10	Scale 8 – Municipal Departments			
	Unit	R 20.76	R 23.48	13.08%
Indigent Benefit - Domestic Water supply only				
	Qualifying indigent consumers will receive the first 6kl's of water free			
INTEREST RATE				
1	Interest rate per annum	11.50%	11.25%	-2.17%

1.4.2 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure. A 6.84 per cent increase in the Eskom bulk electricity tariff to municipalities will be effective from 1 July 2018.

Considering the Eskom increases, the proposed consumer tariff had to be increased by 6.84 per cent to offset the additional bulk purchase cost from 1 July 2018.

		2017/18	2018/19	
		Excl. Vat	Excl. Vat	% Incr
Scale S0. Domestic Indigent 20 Amp				
	Qualifying Indigent consumers will receive the first 70kWh of electricity free.			
	Conditional on being on Prepaid with 20 Amps Current limiting breaker			
3	Energy Charge only (cents)	106.60	113.89	6.84%
Scale S1: Domestic Life Line Tariff 20 Amp				
4	Energy Charge only (cents)	123.09	131.51	6.84%
	No Basic Charge			
Scale S2: Domestic Straight Line Tariff - 40 Amps 1 phase				
5.1	Energy Charge only (cents)	123.09	R 131.51	6.84%
	Basic Charge (Included in the Municipal Bill/or deducted	R 0.00	R 0.00	
Scale S3.1: Domestic Straight Line Tariff - 60 Amps 1 phase				
5.2	Energy Charge only (cents)	142.58	152.33	6.84%
	Basic Charge (Included in the Municipal Bill/or deducted	0.00	0.00	
Scale S3.2: High End Two Part Tariff - 60 to 100 Amps 1 phase - ENERGY CHARGED FOR DOMESTIC DISCOUN				
5.3	Energy Charge only (cents)	161.50	172.54	6.84%
	Low End - Basic Charge - 20 to 40 Amps Supply (Included in the Municipal Bill/or deducted by Vending System) per month	R 100.85	R 107.75	6.84%
	Medium End - Basic Charge - 40 Amps Supply (Included in the Municipal Bill/or deducted by Vending System) per month	R 126.07	R 134.69	6.84%
	High End - Basic Charge - 60 Amps Supply (Included in the Municipal Bill/or deducted by Vending System) per month	R 157.58	R 168.36	6.84%
Scale S4: 3 Phase Two Part Tariff - 100 Amps 3 phase - FOR DOMESTIC ONLY				
5.4	Energy Charge only (cents)	161.50	172.54	6.84%
	Low End - Basic Charge - 20 Amps Supply (Included in the Municipal Bill/or deducted by Vending System) per month	R 151.28	R 161.62	6.84%
	Medium End - Basic Charge - 40 Amps Supply (Included in the Municipal Bill/or deducted by Vending System) per month	R 302.55	R 323.25	6.84%
	High End - Basic Charge - 60 Amps Supply (Included in the Municipal Bill/or deducted by Vending System) per month	R 472.74	R 505.07	6.84%
Scale TD1: Time Of Use Domestic Single Phase				
	Supply Metered by a Smart Meter **(Conditional on Municipality rolling out Smart Meters to Community)**			
6	Scale TD.1 Time Of Use Domestic Single Phase			
		R 48.88	R 52.23	6.84%
		R 8.99	R 9.60	6.84%
		312.91	334.31	6.84%
		102.90	109.94	6.84%
		61.18	65.36	6.84%
		109.90	117.42	6.84%
		79.26	84.69	6.84%
		54.54	58.27	6.84%
	INFRASTRUCTURE SERVICES			
	Electricity Management			% Incr
		2017/18	2018/19	
		Excl. Vat	Excl. Vat	
Scale TD2: Time Of Use Domestic Three Phase				
	Supply Metered by a Smart Meter **(Conditional on Municipality rolling out Smart Meters to Community)**			
7	Scale TD.2 Time Of Use Domestic Three Phase			
		R 75.94	R 81.13	6.84%
		R 6.50	R 6.94	6.84%
		312.91	334.31	6.84%
		102.90	109.94	6.84%
		61.18	65.36	6.84%
		107.87	115.25	6.84%
		77.80	83.12	6.84%
		53.53	57.19	6.84%

Comparison between current electricity charges and increase (Domestic)

Monthly Consumption KWH	Curreant payable	Proposed payable	Difference	Percentage change
100	88.86	94.94	6.08	6.84%
250	222.16	237.36	15.20	6.84%
500	444.30	474.69	30.39	6.84%
750	666.46	712.05	45.59	6.84%
1000	888.61	949.39	60.78	6.84%
2000	1,777.20	1,898.76	121.56	6.84%

The inadequate electricity bulk capacity and impact on service delivery and development remains a challenge for the City. The upgrading of the City's electricity network has therefore become a strategic priority, especially the substations and transmission lines. The City has embarked on an upgrade programme that will see the stabilising of the electricity distribution network.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgardes through increases in the municipal electricity tariffs- as a result tariff increases would be unaffordable for the consumers. As part of the 2018/19 MTREF, funding has been allocated to electricity infrastructure upgrade and the main funding source is DBSA loan.

1.4.3 Sanitation and Impact of Tariff Increases

A tariff increase of 6.0 per cent for sanitation from 1 July 2018 is proposed.

		2017/18	2018/19	
Except where otherwise authorised, the work shall be charged at the f		Excl. Vat	Excl. Vat	% Incr
1	Connection fees payable in terms of bylaw 23(3)b:			
(a)	100mm pipes	R 3,513.64	R 3,724.46	6.00%
(b)	150mm pipes minimum charge [cost plus 10%]	R 6,430.30	R 6,816.12	6.00%
(c)	200mm pipes minimum charge [cost plus 10%]	R 7,419.57	R 7,864.75	6.00%
The tariffs payable ito. this item are subject to the provision that –				
(i)	where it is necessary to include such items as manholes, or other means of access			
	to the connection, special pipes or any other works which may be peculiar to the			
	connection, such additional work shall be to the expense of the owner of the			
	premises to be connected or to his authorized agent, and such	Cost plus 10%	Cost plus 10%	
	be charged at full cost plus 10% administration charges, and	Admin. Charge	Admin. Charge	
(ii)	where a connection is required for a property within the central area other than a			
	single residential dwelling, such connection shall be charged at full cost plus 10%			
	administration charges with a minimum charge equal to the rel	Cost plus 10%	Cost plus 10%	
	set out in this item.	Admin. Charge	Admin. Charge	
2	Miscellaneous Fees			
	The following miscellaneous fees shall be payable to the Council			
	in accordance with the provisions of these bylaws:			
(a)	Clearing of internal drain and sewer blockages during normal	R 955.16	R 1,012.47	6.00%
(b)	(i) Clearing of septic tanks within the Council's area of jurisdict	R 1,944.44	R 2,061.11	6.00%
	(ii) Clearing of septic tanks outside Council's area of jurisdicti	Cost plus 10%	Cost plus 10%	
(c)	Clearing of conservancy tanks during normal working hours for non-residential			
	property (per load)	R 614.03	R 650.88	6.00%
(d)	Clearing of conservancy tanks during normal working hours for residential			
	property (per load)	R 307.02	R 325.44	6.00%
(e)	Clearing of pit latrines	R 307.02	R 325.44	6.00%
(f)	Clearing of pit latrines monthly tariff	R 47.76	R 50.62	6.00%

1.4.4 Waste Removal and Impact of Tariff Increases

A 6.0 per cent increase in the waste removal tariff is proposed from 1 July 2018

The following table compares current and proposed amounts payable from 1 July 2018:

		2017/18	2018/19	
		Excl. Vat	Excl. Vat	% Incr
Standard charges for Domestic and Commercial Refuse Removal				
Based on the relevant Electricity Scale				
Refuse Removal Tariffs				
1	Domestic			
		R 93.83	R 99.46	6.00%
		R 93.83	R 99.46	6.00%
		R 93.83	R 99.46	6.00%
2	Home Business			
		R 142.24	R 150.78	6.00%
		R 142.24	R 150.78	6.00%
		R 142.24	R 150.78	6.00%
3	Small Power Users - Business/Commercial			
		R 268.83	R 284.95	6.00%
		R 268.83	R 284.95	6.00%
4	Large Power Users – Business/Commercial			
		R 268.83	R 284.95	6.00%
		R 268.83	R 284.95	6.00%
5	Flats/Simplexes	R 79.52	R 84.29	6.00%
6	Previously PHB Housing and Informal Settlements (MASS HO	R 18.90	R 20.04	6.00%
7	Central Business District	R 357.50	R 378.95	6.00%
	Main cbd bordered by East(Massukwane), Winston/Victoria, Bulwer, Boschoff, Alan Paton, Prince Alfred, Railway, F			
	Greytown Rd form East To Trichy, Balhambra Way from Greytown Road to Newholme Way, Khan Road from Greyto			
	Road to Deccan Road, Mysore Road from Greytown Road to Bangalore Road, Alan Paton up till King Edward Ave.			
8	For areas not being billed but supplied with prepaid electricity meters to cover the cost of co-operative			
	supplied refuse collection services.	R 15.00	R 15.90	6.00%
9	Recycling per business and domestic household based on an average value of 1kg of mixed recyclables,			
	per week	R 1.98	R 2.10	6.00%
10	Recycling - prepaid metering system, per week	R 1.98	R 2.10	6.00%

1.4.5 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Table 7 MBRR Table SA14 – Household bills

KZN225 Msunduzi - Supporting Table SA14 Household bills

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
Rand/cent	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates	585.00	530.00	593.50	630.00	630.00	630.00	6.0%	667.80	707.87	750.34
Electricity: Basic levy	24.57	27.03	32.65	33.26	33.26	33.26	6.8%	35.53	37.95	40.53
Electricity: Consumption	647.80	722.20	872.22	888.30	888.30	888.30	6.8%	949.06	1,013.60	1,082.52
Water: Basic levy	15.76	15.76	18.74	19.88	19.88	19.88	6.0%	21.07	22.34	23.68
Water: Consumption	332.16	360.96	433.68	498.72	498.72	498.72	13.1%	563.95	637.72	721.13
Sanitation	115.14	121.58	136.35	144.67	144.67	144.67	6.0%	153.35	162.55	172.30
Refuse removal	74.47	78.64	88.19	93.57	93.57	93.57	6.0%	99.18	105.14	111.44
Other										
sub-total	1,794.90	1,856.17	2,175.33	2,308.40	2,308.40	2,308.40	7.9%	2,489.95	2,687.16	2,901.95
VAT on Services										
Total large household bill:	1,794.90	1,856.17	2,175.33	2,308.40	2,308.40	2,308.40	7.9%	2,489.95	2,687.16	2,901.95
% increase/-decrease		3.4%	17.2%	6.1%	–	–		7.9%	7.9%	8.0%
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates	390.00	353.33	397.00	420.67	420.67	420.67	6.0%	445.91	472.66	501.02
Electricity: Basic levy	24.57	27.03	32.65	33.26	33.26	33.26	6.8%	35.53	37.95	40.53
Electricity: Consumption	323.90	361.10	436.10	444.00	444.00	444.00	6.8%	474.37	506.63	541.08
Water: Basic levy	15.76	15.76	18.74	19.88	19.88	19.88	6.0%	21.07	22.34	23.68
Water: Consumption	262.96	285.76	343.66	394.82	394.82	394.82	13.1%	446.46	504.86	570.90
Sanitation	115.14	121.58	136.36	144.67	144.67	144.67	6.0%	153.35	162.55	172.30
Refuse removal	74.47	78.64	88.19	93.57	93.57	93.57	6.0%	99.18	105.14	111.44
Other										
sub-total	1,206.80	1,243.20	1,452.70	1,550.87	1,550.87	1,550.87	8.1%	1,675.88	1,812.13	1,960.95
VAT on Services	124.58									
Total small household bill:	1,331.38	1,243.20	1,452.70	1,550.87	1,550.87	1,550.87	8.1%	1,675.88	1,812.13	1,960.95
% increase/-decrease		(6.6%)	16.9%	6.8%	–	–		8.1%	8.1%	8.2%
Monthly Account for Household - 'Indigent' Household receiving free basic services										
Rates and services charges:										
Property rates	195.00	176.67	198.33	210.00	210.00	210.00	6.0%	222.60	235.96	250.11
Electricity: Basic levy										
Electricity: Consumption	194.34	216.66	261.66	266.58	266.58	266.58	6.8%	284.71	304.07	324.74
Water: Basic levy	15.83	16.71	19.65	19.88	19.88	19.88	6.0%	21.07	22.34	23.68
Water: Consumption	198.64	210.56	252.98	290.92	290.92	290.92	13.1%	332.52	376.02	425.20
Sanitation										
Refuse removal										
Other										
sub-total	603.81	620.60	732.62	787.38	787.38	787.38	9.3%	860.90	938.38	1,023.73
VAT on Services	57.23	62.15								
Total small household bill:	661.05	682.75	732.62	787.38	787.38	787.38	9.3%	860.90	938.38	1,023.73
% increase/-decrease		3.3%	7.3%	7.5%	–	–		9.3%	9.0%	9.1%

References

1. Use as basis property value of R700 000, 1 000 kWh electricity and 30kl water

2. Use as basis property value of R500 000 and R700 000, 500 kWh electricity and 25kl water

3. Use as basis property value of R 300 000, 350kWh electricity and 20kl water (50 kWh electricity and 6 kl water free)

4. Note this is for a SINGLE household.

1.5 Operating Expenditure Framework

The City's expenditure framework for the 2018/19 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Funded budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

 Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

 The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

- **Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.**

The following table is a high level summary of the 2018/19 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by type

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type										
Employee related costs	881,616	948,875	990,111	1,145,989	1,158,889	1,158,889	1,158,889	1,264,814	1,358,489	1,460,356
Remuneration of councillors	34,657	41,763	43,574	45,185	45,185	45,185	45,185	48,573	52,217	56,133
Debt impairment	222,110	102,369	332,295	103,942	103,942	103,942	103,942	110,178	116,789	123,796
Depreciation & asset impairment	481,107	504,289	597,068	536,470	460,960	460,960	460,960	467,691	491,076	515,630
Finance charges	71,169	75,072	68,463	62,129	56,232	56,232	56,232	50,672	43,270	36,984
Bulk purchases	1,586,802	1,799,214	1,866,283	2,050,950	2,010,053	2,010,053	2,010,053	2,050,322	2,229,396	2,425,369
Other materials	193,317	32,181	46,025	85,667	46,076	46,076	46,076	63,489	65,359	68,051
Contracted services	29,698	462,005	556,406	420,405	537,150	537,150	537,150	605,860	595,014	631,939
Transfers and subsidies	11,572	26,544	36,447	8,901	8,901	8,901	8,901	57,140	60,969	64,055
Other expenditure	620,296	164,926	201,669	444,351	326,578	326,578	326,578	209,227	205,184	212,020
Loss on disposal of PPE		75,423	74,522							
Total Expenditure	4,132,346	4,232,660	4,812,863	4,903,988	4,753,966	4,753,966	4,753,966	4,927,968	5,217,762	5,594,331

The budgeted allocation for employee related costs for the 2018/19 financial year totals R1.264 billion, which equals to 25.7 per cent of the total operating expenditure. Salary increases

have been factored into this budget at a percentage increase of 7.5 per cent for the 2018/19 and the two outer years.. In addition, expenditure against overtime was critically reviewed for inefficiencies and significantly streamlined with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the City's budget. A increase of 7.5% has been provided for.

The provision of debt impairment was determined based on an annual collection rate of 90 per cent, the results of the previous year risk profiling of debtors and the Debt Write-off Policy of the City. For the 2018/19 financial year this amount equates to R110.1 million and escalates to R123.8 million by 2020/21. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R467.7 million for the 2018/19 financial year which equates to 9.5 per cent of the total operating expenditure. The asset register, the recent conditional assessment of assets, the current year's capital budget and the new year's proposed capital budget have been taken into account in determining the depreciation budget.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.3 per cent (R50.7 million) of operating expenditure excluding annual redemption for 2018/19 and decreases to R37 million by 2020/21. As the capital portion of loans are repaid.

Bulk purchases are directly informed by the purchase of electricity from Eskom and water from Umgeni Water. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and consumables. In line with the City's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the City's infrastructure. Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2018/19 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.
For 2018/19 the appropriation against this item of expenditure is R212.4 million and continues to grow to R222.8 million and R250.6 million for the two outer years.

Contracted Services and Other Material have been largely affected by the implementation of mSCOA and they form part of many operational projects as the municipality has adopted a project based budgeting as per mSCOA regulations. Repairs and Maintenance has also contributed to these items. Aso included in contracted services are security costs.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved which is why it has decreased quite substantially.

The following table gives a breakdown of the main expenditure categories for the 2018/19 financial year.

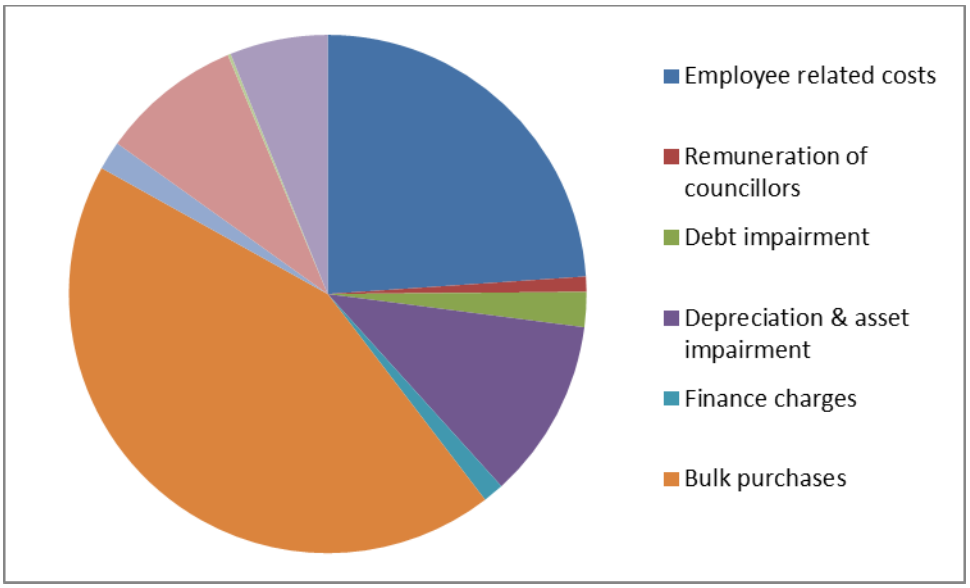


Figure 1 Main operational expenditure categories for the 2018/19 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the City's current infrastructure, the 2018/19 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the City. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. The provision for repairs and maintenance is below the norm due to a huge provision on capital budget being towards infrastructure renewal. Considering these cost drivers, the following table is a consolidation by business unit of the repairs and maintenance expenditures:

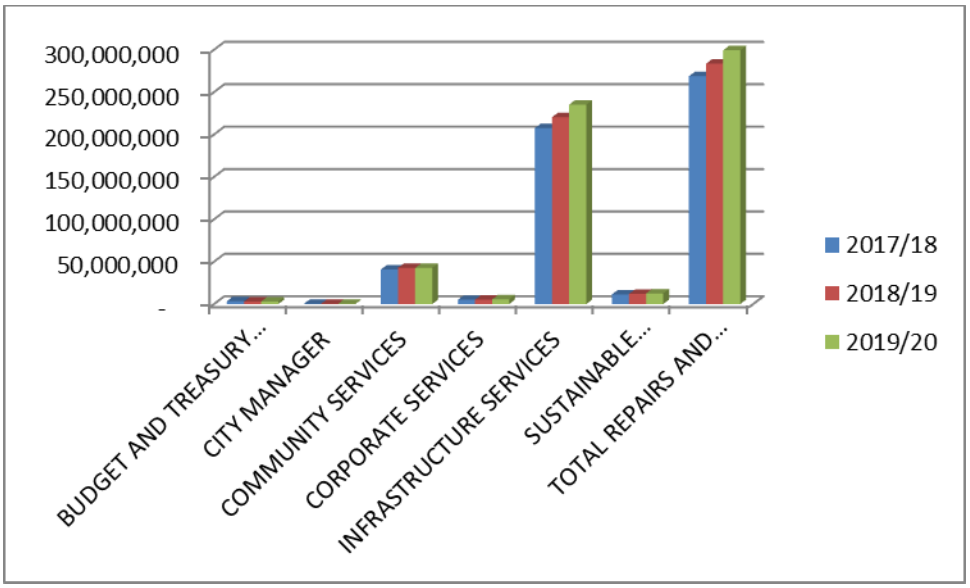


Table 9 Operational repairs and maintenance

2018/19 MTREF
REPAIRS AND MAINTENANCE

BUSINESS UNIT	2018/19	2019/20	2020/21
BUDGET AND TREASURY OFFICE	2,616,567.76	2,217,674.42	2,465,911.21
CITY MANAGER	234,673.18	233,639.69	247,801.88
COMMUNITY SERVICES	31,222,999.29	32,555,825.73	34,350,829.19
CORPORATE SERVICES	3,877,840.56	3,888,160.12	4,492,720.71
INFRASTRUCTURE SERVICES	165,726,659.60	174,775,423.02	198,924,370.86
SUSTAINABLE DEVELOPMENT AND CITY ENTERPRISES	8,728,007.78	9,124,885.47	10,160,684.21
TOTAL REPAIRS AND MAINTENANCE	**212,406,748**	**222,795,608**	**250,642,318**

Over the years, operational repairs and maintenance has been identified as a strategic imperative owing to the aging of the City's infrastructure and historic deferred maintenance. To this end, repairs and maintenance has been continually increasing in the municipality's budget over the past few years. The total allocation for 2018/19 equates to R212.4 and in relation to the total operating expenditure, repairs and maintenance comprises of 4.5%, 4.5% and 4.8% for the respective financial years of the MTREF. This is aligned to capital budget as which 70 per cent of the capital budget is directed towards the upgrade of infrastructure assets which therefore compensates for the lower repairs and maintenance budget.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 10 Repairs and maintenance per asset class

KZN225 Msunduzi - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	2014/15	2015/16	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class								
Infrastructure	86,063	127,246	207,603	129,906	129,906	187,469	196,709	209,237
Community Assets	24,446	17,218	40,846	25,559	25,559	9,433	9,746	10,069
Other assets	14,627	–	12,510	7,828	7,828	3,509	3,614	17,822
Machinery and Equipment	11,658	–	953	596	596	1,061	1,026	1,074
Transport Assets	18,301	–	1,242	777	777	10,935	11,701	12,439
Total Repairs and Maintenance Expenditure	193,317	162,844	277,871	173,876	173,876	212,407	222,796	250,642
R&M as a % of PPE	*2.7%*	*2.4%*	*3.9%*	*2.4%*	*2.4%*	*2.9%*	*3.0%*	*3.3%*
R&M as % Operating Expenditure	*4.7%*	*3.8%*	*5.7%*	*3.7%*	*3.7%*	*4.5%*	*4.5%*	*4.8%*

For the 2018/19 financial year, 88 per cent or R187.5 million of total repairs and maintenance will be spent on infrastructure assets. The total amount allocated to Repairs and Maintenance is R212.4 million.

Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 51 2018/19 Medium-term capital budget per vote

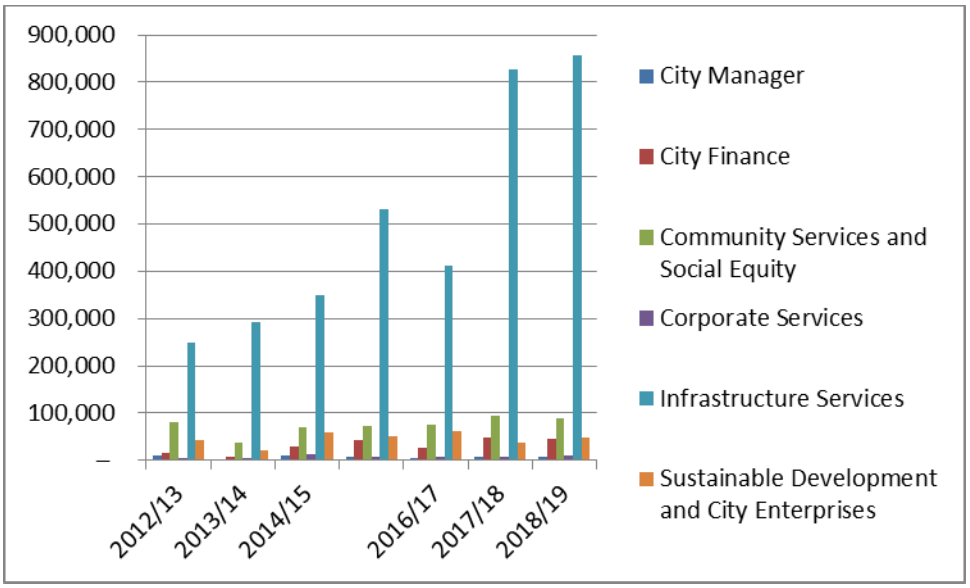
KZN225 Msunduzi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote										
Vote 1 - City Manager	9,665	7,174	6,813	195,482	113,495	113,495	113,495	5,755	5,755	5,755
Vote 2 - City Finance	28,581	36,832	25,473	37,407	45,986	45,986	45,986	33,214	33,005	33,005
Vote 3 - Community Services and Social Equity	70,439	51,049	89,825	58,137	92,824	92,824	92,824	59,769	49,976	69,319
Vote 4 - Corporate Services	12,517	6,460	24,975	31,400	9,821	9,821	9,821	24,123	5,821	5,821
Vote 5 - Infrastructure Services	348,961	343,510	457,923	278,434	377,087	377,087	377,087	384,718	372,163	376,952
Vote 6 - Sustainable Development and City Enter	58,475	31,261	44,177	97,565	123,378	123,378	123,378	63,803	47,425	76,753
Total capital budget	528,636	476,286	649,185	698,424	762,591	762,591	762,591	571,382	514,145	567,606

The total capital budget for 2018/19 is R571.4 million of which 71% (R404.3 million) is funded through conditional grants from national and provincial government, 7.4% (R42 million) funded through borrowings and 21% (R125 million) is funded through internal reserves. About 30% (R169.9 million) of the total capital budget will go towards renewal of existing assets while 55% (R311.5 million) is going to be spent on new assets and 15% (R85 million) is going to be spent on upgrading of existing assets.

Further details relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR A9 (Asset Management) on page 36. In addition to the MBRR Table A9, MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class (refer to pages 88, 89 and 90).

Furthermore pages 92 to 96 contain a detail breakdown of the capital budget per project over the medium-term.



1.6.1 Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table 61 MBRR SA35 on page 91. It needs to be noted that as part of the 2018/19 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 Annual Budget Tables - Parent Municipality

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/19 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 62 MBRR Table A1 - Budget

KZN225 Msunduzi - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	686,396	742,052	795,878	849,846	849,846	849,846	849,846	900,837	954,887	1,012,180
Service charges	2,227,636	2,482,199	2,540,097	3,018,339	2,880,853	2,880,853	2,880,853	3,024,881	3,267,408	3,531,327
Investment revenue	50,973	68,242	54,590	52,424	37,968	37,968	37,968	39,866	41,860	43,953
Transfers recognised - operational	519,604	466,156	497,277	589,271	619,577	619,577	619,577	672,679	691,597	745,450
Other own revenue	340,272	222,992	252,481	427,937	409,089	409,089	409,089	393,684	412,503	437,253
Total Revenue (excluding capital transfers and contributions)	3,824,882	3,981,641	4,140,323	4,937,818	4,797,333	4,797,333	4,797,333	5,031,948	5,368,255	5,770,163
Employee costs	881,616	948,875	990,111	1,145,989	1,158,889	1,158,889	1,158,889	1,264,814	1,358,489	1,460,356
Remuneration of councillors	34,657	41,763	43,574	45,185	45,185	45,185	45,185	48,573	52,217	56,133
Depreciation & asset impairment	481,107	504,289	597,068	536,470	460,960	460,960	460,960	467,691	491,076	515,630
Finance charges	71,169	75,072	68,463	62,129	56,232	56,232	56,232	50,672	43,270	36,984
Materials and bulk purchases	1,780,120	1,831,395	1,912,308	2,136,617	2,056,130	2,056,130	2,056,130	2,113,812	2,294,755	2,493,419
Transfers and grants	11,572	26,544	36,447	8,901	8,901	8,901	8,901	57,140	60,969	64,055
Other expenditure	872,104	804,723	1,164,893	968,697	967,670	967,670	967,670	925,265	916,986	967,755
Total Expenditure	4,132,346	4,232,660	4,812,863	4,903,988	4,753,966	4,753,966	4,753,966	4,927,968	5,217,762	5,594,331
Surplus/(Deficit)	(307,464)	(251,020)	(672,540)	33,830	43,367	43,367	43,367	103,980	150,493	175,832
Transfers and subsidies - capital (monetary alloca	356,459	303,484	436,141	460,257	411,358	411,358	411,358	404,341	394,145	447,606
Contributions recognised - capital & contributed as	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	48,995	52,465	(236,399)	494,087	454,725	454,725	454,725	508,321	544,638	623,438
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	48,995	52,465	(236,399)	494,087	454,725	454,725	454,725	508,321	544,638	623,438
Capital expenditure & funds sources										
Capital expenditure	528,636	476,286	649,185	698,424	762,591	762,591	762,591	571,382	514,145	567,606
Transfers recognised - capital	356,459	303,484	436,141	460,257	411,909	411,909	411,909	404,341	394,145	447,606
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	100,000	62,181	40,245	38,800	88,800	88,800	88,800	42,041	–	–
Internally generated funds	72,177	110,621	172,798	199,367	261,882	261,882	261,882	125,000	120,000	120,000
Total sources of capital funds	528,636	476,286	649,185	698,424	762,591	762,591	762,591	571,382	514,145	567,606
Financial position										
Total current assets	1,978,149	2,298,945	1,859,251	2,706,229	2,225,900	2,225,900	2,225,900	2,702,576	3,306,604	3,980,859
Total non current assets	7,987,597	7,764,449	7,923,719	7,800,202	7,995,849	7,995,849	7,995,849	8,094,540	8,117,609	8,169,585
Total current liabilities	905,075	1,045,425	1,050,765	1,289,861	416,563	416,563	416,563	500,739	528,058	551,270
Total non current liabilities	1,197,150	1,263,991	1,200,326	1,216,839	1,216,839	1,216,839	1,216,839	1,187,496	1,160,477	1,141,762
Community wealth/Equity	7,863,521	7,753,979	7,531,879	7,999,731	8,588,347	8,588,347	8,588,347	9,108,881	9,735,678	10,457,412
Cash flows										
Net cash from (used) operating	496,885	564,585	375,714	829,781	706,583	706,583	706,583	844,152	887,376	977,200
Net cash from (used) investing	(546,886)	(476,769)	(651,395)	(698,424)	(762,591)	(762,591)	(762,591)	(571,382)	(517,145)	(567,606)
Net cash from (used) financing	55,661	48,875	(15,995)	(79,368)	(79,368)	(79,368)	(79,368)	(76,313)	(77,583)	(73,146)
Cash/cash equivalents at the year end	5,660	969,624	677,947	729,936	542,571	542,571	542,571	739,027	1,031,675	1,368,123
Cash backing/surplus reconciliation										
Cash and investments available	840,868	969,624	677,947	1,029,931	549,602	549,602	549,602	739,027	1,031,675	1,368,123
Application of cash and investments	(294,049)	(385,063)	(81,471)	(120,292)	(1,075,286)	(1,075,286)	(1,075,286)	(1,257,883)	(1,508,980)	(1,782,152)
Balance - surplus (shortfall)	1,134,917	1,354,687	759,418	1,150,223	1,624,888	1,624,888	1,624,888	1,996,910	2,540,655	3,150,275
Asset management										
Asset register summary (WDV)	7,520,183	7,687,562	7,611,739	7,807,386	7,807,386	7,807,386		8,153,989	8,177,058	8,229,034
Depreciation	481,107	504,289	597,068	536,470	460,960	460,960		460,960	467,691	491,076
Renewal of Existing Assets	410,791	393,635	470,891	196,980	305,936	305,936		387,397	342,197	385,612
Repairs and Maintenance	193,317	162,844	–	277,871	173,876	173,876		212,407	222,796	250,642
Free services										
Cost of Free Basic Services provided	139,005	148,512	158,671	162,357	169,524	169,524	168,346	168,346	189,035	212,351
Revenue cost of free services provided	355,900	371,646	393,739	417,383	417,383	417,383	442,431	442,431	468,982	497,127
Households below minimum service level										
Water:	10	9	9	9	9	9	9	9	8	8
Sanitation/sewerage:	5	5	4	2	2	2	1	1	1	0
Energy:	13	13	14	10	10	10	8	8	6	4
Refuse:	44	44	44	45	45	45	41	41	37	29

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 b. Capital expenditure is balanced by capital funding sources, of which
 i. Transfers recognised is reflected on the Financial Performance Budget;
 ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

Table 7 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN225 Msunduzi - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional									
Governance and administration	1,220,061	2,221,277	1,177,992	1,849,340	1,783,235	1,783,235	1,883,552	1,995,167	2,121,934
Executive and council	14,303	175,836	3,913	8,493	8,330	8,330	3,074	195	207
Finance and administration	1,205,759	2,045,440	1,174,079	1,840,847	1,774,904	1,774,904	1,880,479	1,994,972	2,121,727
Internal audit	–	–	–	–	–	–	–	–	–
Community and public safety	52,065	77,902	282,991	125,446	161,627	161,627	130,762	116,084	117,766
Community and social services	10,928	33,000	35,823	34,358	35,840	35,840	28,593	29,993	34,337
Sport and recreation	2,736	24,070	15,516	9,742	9,568	9,568	10,054	8,470	2,414
Public safety	15,255	848	525	1,167	834	834	318	300	318
Housing	23,146	19,985	231,128	80,180	115,384	115,384	91,797	77,321	80,696
Health	–	–	–	–	–	–	–	–	–
Economic and environmental services	172,242	248,096	332,394	344,152	287,055	287,055	325,295	310,386	361,973
Planning and development	39,565	49,587	15,852	47,626	51,510	51,510	43,772	26,980	54,625
Road transport	132,677	198,496	316,523	296,491	235,511	235,511	281,487	283,367	307,307
Environmental protection	–	13	19	34	34	34	36	38	41
Trading services	2,660,443	2,926,475	2,942,648	3,609,483	3,531,464	3,531,464	3,680,521	3,972,306	4,297,511
Energy sources	1,754,280	1,893,551	1,928,075	2,093,492	2,110,886	2,110,886	2,235,473	2,385,464	2,549,539
Water management	678,151	724,054	711,698	1,136,283	1,057,633	1,057,633	1,063,455	1,181,740	1,320,790
Waste water management	138,622	201,336	185,039	236,801	210,391	210,391	222,240	235,658	247,831
Waste management	89,390	107,534	117,836	142,907	152,553	152,553	159,353	169,443	179,351
Other	76,529	60,753	47,112	49,379	34,804	34,804	26,919	26,460	28,047
Total Revenue - Functional	4,181,341	5,534,503	4,783,136	5,977,800	5,798,183	5,798,183	6,047,051	6,420,402	6,927,232
Expenditure - Functional									
Governance and administration	484,549	1,683,817	958,977	1,461,168	1,535,915	1,535,915	1,563,188	1,642,070	1,746,639
Executive and council	148,754	175,104	152,627	176,018	199,548	199,548	176,893	185,237	195,685
Finance and administration	335,795	1,508,713	785,737	1,270,326	1,318,539	1,318,539	1,372,747	1,442,652	1,536,029
Internal audit	–	–	20,613	14,825	17,828	17,828	13,548	14,180	14,925
Community and public safety	781,100	479,572	480,955	432,673	433,345	433,345	446,748	456,168	484,011
Community and social services	193,660	119,305	130,640	112,732	115,167	115,167	119,452	127,088	135,270
Sport and recreation	168,703	168,145	167,481	127,777	119,613	119,613	120,149	127,839	136,340
Public safety	340,451	94,402	83,637	86,354	99,496	99,496	100,457	107,153	114,339
Housing	48,922	68,930	94,678	105,236	98,502	98,502	106,300	93,686	97,648
Health	29,364	28,790	4,520	574	567	567	390	402	414
Economic and environmental services	393,880	489,956	416,855	499,122	346,798	346,798	342,505	351,556	373,343
Planning and development	39,192	70,545	72,584	95,454	89,863	89,863	84,831	85,260	90,628
Road transport	354,688	410,415	332,576	383,458	237,975	237,975	239,778	247,192	262,364
Environmental protection	–	8,996	11,694	20,210	18,961	18,961	17,896	19,103	20,352
Trading services	2,418,301	2,742,157	3,073,241	3,028,579	2,976,791	2,976,791	3,112,811	3,349,000	3,618,977
Energy sources	1,554,766	1,740,129	1,885,208	1,791,010	1,777,537	1,777,537	1,832,623	1,957,489	2,092,539
Water management	610,513	627,494	886,438	890,179	802,871	802,871	844,405	942,725	1,051,770
Waste water management	173,582	225,167	195,840	221,895	275,168	275,168	306,794	310,879	326,837
Waste management	79,439	149,367	105,755	125,495	121,214	121,214	128,989	137,907	147,831
Other	54,517	86,536	89,507	62,171	50,609	50,609	73,477	76,972	80,823
Total Expenditure - Functional	4,132,346	5,482,038	5,019,535	5,483,713	5,343,458	5,343,458	5,538,729	5,875,765	6,303,794
Surplus/(Deficit) for the year	48,995	52,465	(236,399)	494,087	454,725	454,725	508,321	544,638	623,438

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, however this is not the case for Water, Waste water and the Waste management functions, As already noted above, the municipality will be undertaking a detailed study of these functions to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and Treasury Office.

Table 8 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN225 Msunduzi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote									
Vote 1 - City Manager	143,029	164,291	–	0	0	0	0	0	0
Vote 2 - City Finance	1,202,003	1,793,053	1,162,603	1,756,445	1,733,392	1,733,392	1,841,339	1,955,736	2,083,069
Vote 3 - Community Services and Social Equity	246,846	333,227	217,765	235,003	248,279	248,279	239,388	247,457	258,050
Vote 4 - Corporate Services	151,733	141,567	1,791	4,755	3,124	3,124	2,094	1,975	2,094
Vote 5 - Infrastructure Services	2,277,215	2,976,654	3,106,589	3,239,147	3,610,876	3,610,876	3,801,264	4,083,952	4,420,122
Vote 6 - Sustainable Development and City Enter	160,514	125,711	294,306	162,724	202,511	202,511	162,966	131,282	163,897
Total Revenue by Vote	4,181,341	5,534,503	4,783,055	5,398,075	5,798,183	5,798,183	6,047,051	6,420,402	6,927,232
Expenditure by Vote *to be appropriated*									
Vote 1 - City Manager	148,754	169,822	166,773	177,064	177,064	177,064	207,764	212,129	221,798
Vote 2 - City Finance	886,140	1,139,338	371,290	641,307	674,762	674,762	967,155	1,014,457	1,068,717
Vote 3 - Community Services and Social Equity	578,734	827,409	786,608	532,560	651,905	651,905	735,819	779,969	843,686
Vote 4 - Corporate Services	154,425	177,690	175,575	168,818	181,718	181,718	173,158	183,331	195,910
Vote 5 - Infrastructure Services	2,143,728	2,903,898	3,237,035	3,033,842	3,307,612	3,307,612	3,156,872	3,390,800	3,659,515
Vote 6 - Sustainable Development and City Enter	220,564	263,882	282,174	350,397	350,397	350,397	297,962	295,079	314,166
Total Expenditure by Vote	4,132,346	5,482,038	5,019,454	4,903,988	5,343,458	5,343,458	5,538,729	5,875,765	6,303,794
Surplus/(Deficit) for the year	48,995	52,465	(236,399)	494,087	454,725	454,725	508,321	544,638	623,438

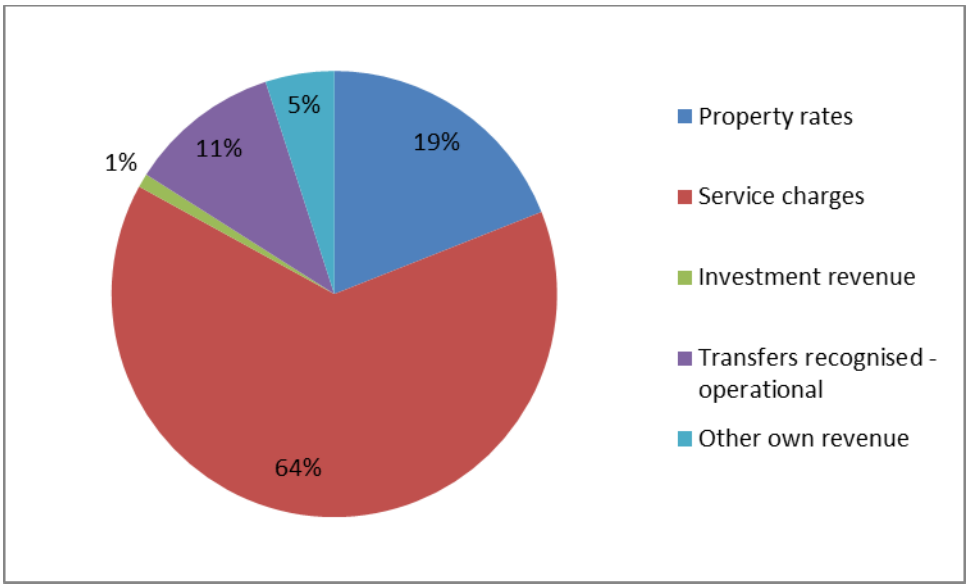
Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the City's trading services.

Table 9 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source										
Property rates	686,396	742,052	795,878	849,846	849,846	849,846	849,846	900,837	954,887	1,012,180
Service charges - electricity revenue	1,566,133	1,798,548	1,865,158	2,038,443	2,038,443	2,038,443	2,038,443	2,177,873	2,326,839	2,485,995
Service charges - water revenue	452,443	473,021	464,204	716,666	612,836	612,836	612,836	603,661	682,619	771,906
Service charges - sanitation revenue	127,516	126,391	121,806	157,301	129,313	129,313	129,313	137,072	145,296	154,014
Service charges - refuse revenue	81,544	84,240	88,928	105,929	100,260	100,260	100,260	106,276	112,653	119,412
Service charges - other										
Rental of facilities and equipment	23,477	20,851	26,144	22,085	24,382	24,382	24,382	35,220	36,240	38,415
Interest earned - external investments	50,973	68,242	54,590	52,424	37,968	37,968	37,968	39,866	41,860	43,953
Interest earned - outstanding debtors	69,529	80,450	96,347	66,259	111,190	111,190	111,190	118,141	125,197	132,709
Dividends received										
Fines, penalties and forfeits	138,841	52,922	18,046	71,432	70,867	70,867	70,867	75,203	79,705	84,488
Licences and permits	89	272	521	97	5,766	5,766	5,766	100	106	112
Agency services	578	2,148	2,998	713	713	713	713			
Transfers and subsidies	519,604	466,156	497,277	589,271	619,577	619,577	619,577	672,679	691,597	745,450
Other revenue	89,221	66,348	108,426	267,351	196,172	196,172	196,172	165,019	171,254	181,529
Gains on disposal of PPE	18,537	–								
Total Revenue (excluding capital transfers and contributions)	3,824,882	3,981,641	4,140,323	4,937,818	4,797,333	4,797,333	4,797,333	5,031,948	5,368,255	5,770,163
Expenditure By Type										
Employee related costs	881,616	948,875	990,111	1,145,989	1,158,889	1,158,889	1,158,889	1,264,814	1,358,489	1,460,356
Remuneration of councillors	34,657	41,763	43,574	45,185	45,185	45,185	45,185	48,573	52,217	56,133
Debt impairment	222,110	102,369	332,295	103,942	103,942	103,942	103,942	110,178	116,789	123,796
Depreciation & asset impairment	481,107	504,289	597,068	536,470	460,960	460,960	460,960	467,691	491,076	515,630
Finance charges	71,169	75,072	68,463	62,129	56,232	56,232	56,232	50,672	43,270	36,984
Bulk purchases	1,586,802	1,799,214	1,866,283	2,050,950	2,010,053	2,010,053	2,010,053	2,050,322	2,229,396	2,425,369
Other materials	193,317	32,181	46,025	85,667	46,076	46,076	46,076	63,489	65,359	68,051
Contracted services	29,698	462,005	556,406	420,405	537,150	537,150	537,150	605,860	595,014	631,939
Transfers and subsidies	11,572	26,544	36,447	8,901	8,901	8,901	8,901	57,140	60,969	64,055
Other expenditure	620,296	164,926	201,669	444,351	326,578	326,578	326,578	209,227	205,184	212,020
Loss on disposal of PPE		75,423	74,522							
Total Expenditure	4,132,346	4,232,660	4,812,863	4,903,988	4,753,966	4,753,966	4,753,966	4,927,968	5,217,762	5,594,331
Surplus/(Deficit)	(307,464)	(251,020)	(672,540)	33,830	43,367	43,367	43,367	103,980	150,493	175,832
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	356,459	303,484	436,141	460,257	411,358	411,358	411,358	404,341	394,145	447,606
Transfers and subsidies - capital (in-kind - all)										
Surplus/(Deficit) after capital transfers & contributions	48,995	52,465	(236,399)	494,087	454,725	454,725	454,725	508,321	544,638	623,438
Taxation										
Surplus/(Deficit) after taxation	48,995	52,465	(236,399)	494,087	454,725	454,725	454,725	508,321	544,638	623,438
Attributable to minorities										
Surplus/(Deficit) attributable to municipality	48,995	52,465	(236,399)	494,087	454,725	454,725	454,725	508,321	544,638	623,438
Share of surplus/ (deficit) of associate										
Surplus/(Deficit) for the year	48,995	52,465	(236,399)	494,087	454,725	454,725	454,725	508,321	544,638	623,438



Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R5.032 billion in 2018/19 and escalates to R5.770 billion by 2020/21. This represents an increase of 14.7% over the MTREF.
2. Revenue to be generated from property rates is R900.8 million in the 2018/19 financial year and increases to R1.012 billion by 2020/21 which represents a 18 per cent increase of the operating revenue base of the City and therefore remains a significant funding source for the municipality.
3. Service charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue basket of the City totalling R3.025 billion for the 2018/19 financial year and increasing to R3.531 billion by 2020/21. For the 2018/19 financial year services charges amount to 60.8 % of the total revenue base and grows by 17.3% over the entire MTREF. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
4. The following graph illustrates the major expenditure items per type.

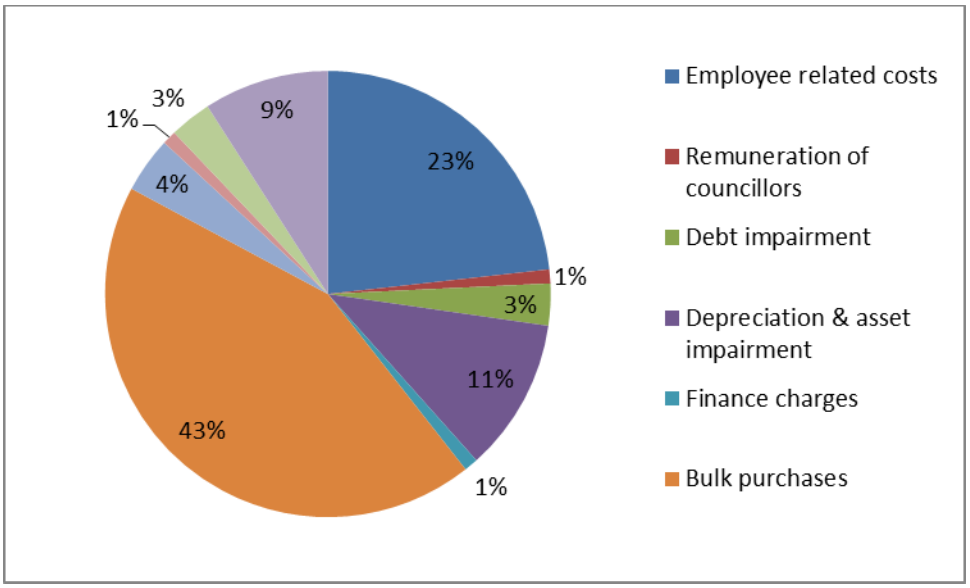


Figure 2 Expenditure by major type

5. Bulk purchases have steadily increased over the 2018/19 to 2020/21 period escalating from R2.050 billion to R2.425 billion. This increase can be attributed to the annual increase in the cost of bulk electricity from Eskom and water from Umgeni Water.

6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 10 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN225 Msunduzi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote										
Multi-year expenditure *to be appropriated*										
Vote 1 - City Manager	9,110	6,411	5,020	189,012	104,447	104,447	104,447	1,888	3,888	3,888
Vote 2 - City Finance	742	4,936	24,683	20,500	18,845	18,845	18,845	26,124	27,430	27,610
Vote 3 - Community Services and Social Equity	48,595	34,870	45,805	31,800	71,377	71,377	71,377	24,604	18,811	29,995
Vote 4 - Corporate Services	257	–	24,580	1,300	5,000	5,000	5,000	21,085	2,825	1,200
Vote 5 - Infrastructure Services	326,083	326,001	442,085	269,934	361,034	361,034	361,034	334,528	368,163	374,702
Vote 6 - Sustainable Development and City Enter	55,804	26,852	40,685	83,056	114,618	114,618	114,618	9,666	10,000	11,763
Capital multi-year expenditure sub-total	440,590	399,069	582,858	595,601	675,321	675,321	675,321	417,894	431,118	449,159
Single-year expenditure *to be appropriated*										
Vote 1 - City Manager	555	763	1,793	6,470	9,048	9,048	9,048	3,867	1,867	1,867
Vote 2 - City Finance	27,839	31,896	790	16,907	27,140	27,140	27,140	7,090	5,575	5,395
Vote 3 - Community Services and Social Equity	21,844	16,180	44,020	26,337	21,447	21,447	21,447	35,165	31,164	39,325
Vote 4 - Corporate Services	12,260	6,460	395	30,100	4,821	4,821	4,821	3,038	2,996	4,621
Vote 5 - Infrastructure Services	22,878	17,510	15,838	8,500	16,053	16,053	16,053	50,191	4,000	2,250
Vote 6 - Sustainable Development and City Enter	2,671	4,409	3,491	14,510	8,760	8,760	8,760	54,137	37,425	64,990
Capital single-year expenditure sub-total	88,046	77,217	66,327	102,823	87,270	87,270	87,270	153,488	83,027	118,447
Total Capital Expenditure - Vote	528,636	476,286	649,185	698,424	762,591	762,591	762,591	571,382	514,145	567,606
Capital Expenditure - Functional										
Governance and administration	50,762	50,466	55,025	257,708	181,535	181,535	181,535	130,705	120,249	131,071
Executive and council	9,665	7,174	3,866	220,302	113,495	113,495	113,495	81,716	75,179	81,945
Finance and administration	28,581	36,832	26,149	37,407	68,040	68,040	68,040	48,989	45,069	49,126
Internal audit	12,517	6,460	25,009							
Community and public safety	68,187	52,921	83,958	77,627	71,737	71,737	71,737	53,803	48,422	52,780
Community and social services	17,495	4,763	39,479	30,567	16,682	16,682	16,682	12,512	11,261	12,274
Sport and recreation	45,618	39,271	22,350	12,200	27,503	27,503	27,503	20,627	18,565	20,235
Public safety	1,883	3,022	3,139	17,050	4,500	4,500	4,500	3,375	3,038	3,311
Housing	3,191	5,864	18,991	17,810	23,052	23,052	23,052	17,289	15,560	16,960
Health	–									
Economic and environmental services	145,875	151,576	237,673	130,141	161,970	161,970	161,970	123,238	106,414	123,179
Planning and development	27,037	23,039	33,140	72,737	90,070	90,070	90,070	65,751	59,176	64,502
Road transport	117,841	126,943	203,169	57,404	71,202	71,202	71,202	56,977	46,779	58,177
Environmental protection	997	1,594	1,364		698	698	698	509	459	500
Trading services	235,566	218,966	270,950	223,699	343,056	343,056	343,056	260,202	235,969	257,206
Energy sources	136,907	112,513	175,494	73,293	121,868	121,868	121,868	97,494	89,532	97,590
Water management	53,989	65,591	68,111	98,391	99,916	99,916	99,916	65,690	59,121	64,441
Waste water management	32,050	37,404	18,992	44,345	81,073	81,073	81,073	64,858	58,372	63,626
Waste management	12,620	3,457	8,353	7,670	40,200	40,200	40,200	32,160	28,944	31,549
Other	28,247	2,357	1,579	9,248	4,294	4,294	4,294	3,435	3,091	3,370
Total Capital Expenditure - Functional	528,636	476,286	649,185	698,424	762,591	762,591	762,591	571,382	514,145	567,606
Funded by:										
National Government	299,283	270,402	411,530	447,390	364,192	364,192	364,192	404,341	394,145	447,606
Provincial Government	57,176	28,696	24,611	12,867	47,717	47,717	47,717			
District Municipality			–							
Other transfers and grants		4,386	–							
Transfers recognised - capital	356,459	303,484	436,141	460,257	411,909	411,909	411,909	404,341	394,145	447,606
Public contributions & donations			–							
Borrowing	100,000	62,181	40,245	38,800	88,800	88,800	88,800	42,041		
Internally generated funds	72,177	110,621	172,798	199,367	261,882	261,882	261,882	125,000	120,000	120,000
Total Capital Funding	528,636	476,286	649,185	698,424	762,591	762,591	762,591	571,382	514,145	567,606

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations for 2018/19, an amount of R417.9 million has been allocated which is 73% of the total capital budget.
3. Single-year capital expenditure has been appropriated at R153.5 million for the 2018/19 financial year.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the City. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

5. The capital programme is funded from capital and provincial grants and transfers, borrowing and internally generated funds from current year surpluses. For 2018/19, capital transfers totals R404.3 million, borrowed funding amounts to R42 million while internal funding of R125 million has been set aside for the 2018/19 budget year.

Table 11 MBRR Table A6 - Budgeted Financial Position

KZN225 Msunduzi - Table A6 Budgeted Financial Position

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS										
Current assets										
Cash	95,397	82,425	8,265	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Call investment deposits	745,471	887,199	669,683	929,931	449,602	449,602	449,602	639,027	931,675	1,268,123
Consumer debtors	717,015	1,112,206	1,013,847	1,229,705	1,229,705	1,229,705	1,229,705	1,512,750	1,819,672	2,152,752
Other debtors	376,558	142,291	92,520	376,444	376,444	376,444	376,444	376,444	376,444	376,444
Current portion of long-term receivables	–	8,318	8,799	43	43	43	43	43	43	43
Inventory	43,708	66,505	66,138	70,106	70,106	70,106	70,106	74,312	78,771	83,497
Total current assets	1,978,149	2,298,945	1,859,251	2,706,229	2,225,900	2,225,900	2,225,900	2,702,576	3,306,604	3,980,859
Non current assets										
Long-term receivables	–	–		9,455	9,455	9,455	9,455	9,455	9,455	9,455
Investments										
Investment property	647,119	591,244	720,224	356,914	356,914	356,914	356,914	356,914	356,914	356,914
Investment in Associate										
Property, plant and equipment	7,037,177	6,834,781	6,862,667	7,181,022	7,376,669	7,376,669	7,376,669	7,475,360	7,498,429	7,550,405
Agricultural	44,831	54,276	54,068	46,520	46,520	46,520	46,520	46,520	46,520	46,520
Biological										
Intangible	17,212	39,882	50,603	27,283	27,283	27,283	27,283	27,283	27,283	27,283
Other non-current assets	241,259	244,266	236,157	179,008	179,008	179,008	179,008	179,008	179,008	179,008
Total non current assets	7,987,597	7,764,449	7,923,719	7,800,202	7,995,849	7,995,849	7,995,849	8,094,540	8,117,609	8,169,585
TOTAL ASSETS	9,965,746	10,063,394	9,782,970	10,506,431	10,221,749	10,221,749	10,221,749	10,797,116	11,424,213	12,150,444
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing	53,524	89,205	102,754	79,368	79,368	79,368	79,368	83,217	84,935	80,974
Consumer deposits	87,031	93,516	101,382		106,451	106,451	106,451	113,354	120,705	128,533
Trade and other payables	740,454	856,013	839,452	1,210,493	230,744	230,744	230,744	304,168	322,418	341,763
Provisions	24,067	6,690	7,178							
Total current liabilities	905,075	1,045,425	1,050,765	1,289,861	416,563	416,563	416,563	500,739	528,058	551,270
Non current liabilities										
Borrowing	543,401	571,250	535,739	432,631	432,631	432,631	432,631	349,414	264,479	183,506
Provisions	653,749	692,740	664,587	784,208	784,208	784,208	784,208	838,082	895,997	958,256
Total non current liabilities	1,197,150	1,263,991	1,200,326	1,216,839	1,216,839	1,216,839	1,216,839	1,187,496	1,160,477	1,141,762
TOTAL LIABILITIES	2,102,225	2,309,416	2,251,091	2,506,700	1,633,402	1,633,402	1,633,402	1,688,236	1,688,535	1,693,032
NET ASSETS	7,863,521	7,753,979	7,531,879	7,999,731	8,588,347	8,588,347	8,588,347	9,108,881	9,735,678	10,457,412
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	7,605,573	7,473,388	7,236,989	7,846,817	8,435,433	8,435,433	8,435,433	8,955,967	9,582,764	10,304,498
Reserves	257,948	280,590	294,890	152,914	152,914	152,914	152,914	152,914	152,914	152,914
TOTAL COMMUNITY WEALTH/EQUITY	7,863,521	7,753,979	7,531,879	7,999,731	8,588,347	8,588,347	8,588,347	9,108,881	9,735,678	10,457,412

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 12 MBRR Table A7 - Budgeted Cash Flow Statement

KZN225 Msunduzi - Table A7 Budgeted Cash Flows

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	644,943	667,847	716,290	764,862	764,862	764,862	764,862	810,753	859,398	910,962
Service charges	1,893,491	2,109,869	2,159,082	2,738,114	2,592,767	2,592,767	2,592,767	2,722,393	2,940,667	3,178,194
Other revenue	405,695	486,708	111,605	325,510	268,109	268,109	268,109	247,998	258,586	274,101
Government - operating	519,604	466,156	497,277	542,411	575,157	575,157	575,157	672,679	691,597	745,450
Government - capital	356,459	303,484	436,141	456,612	360,589	360,589	360,589	404,341	394,145	447,606
Interest	120,502	148,692	150,937	106,814	134,242	134,242	134,242	146,194	154,537	163,391
Dividends				–	–	–	–	–	–	–
Payments										
Suppliers and employees	(3,372,401)	(3,543,100)	(3,627,156)	(4,033,513)	(3,924,010)	(3,924,010)	(3,924,010)	(4,052,395)	(4,307,315)	(4,641,466)
Finance charges	(71,169)	(75,072)	(68,463)	(62,129)	(56,232)	(56,232)	(56,232)	(50,672)	(43,270)	(36,984)
Transfers and Grants	(238)	–		(8,901)	(8,901)	(8,901)	(8,901)	(57,140)	(60,969)	(64,055)
NET CASH FROM/(USED) OPERATING ACTIVIT	496,885	564,585	375,714	829,781	706,583	706,583	706,583	844,152	887,376	977,200
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	421							–	–	–
Decrease (Increase) in non-current debtors								–	–	–
Decrease (increase) other non-current receivables								–	–	–
Decrease (increase) in non-current investments	(2,125)							–	–	–
Payments										
Capital assets	(545,182)	(476,769)	(651,395)	(698,424)	(762,591)	(762,591)	(762,591)	(571,382)	(517,145)	(567,606)
NET CASH FROM/(USED) INVESTING ACTIVITIE	(546,886)	(476,769)	(651,395)	(698,424)	(762,591)	(762,591)	(762,591)	(571,382)	(517,145)	(567,606)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–	–	–
Borrowing long term/refinancing								–	–	–
Increase (decrease) in consumer deposits	1,921	6,486	7,865					6,903	7,351	7,828
Payments										
Repayment of borrowing	53,739	42,389	(23,861)	(79,368)	(79,368)	(79,368)	(79,368)	(83,217)	(84,935)	(80,974)
NET CASH FROM/(USED) FINANCING ACTIVITI	55,661	48,875	(15,995)	(79,368)	(79,368)	(79,368)	(79,368)	(76,313)	(77,583)	(73,146)
NET INCREASE/ (DECREASE) IN CASH HELD	5,660	136,691	(291,676)	51,988	(135,376)	(135,376)	(135,376)	196,456	292,648	336,448
Cash/cash equivalents at the year begin:	832,933	832,933	969,624	677,947	677,947	677,947	677,947	542,571	739,027	1,031,675
Cash/cash equivalents at the year end:	838,593	969,624	677,947	729,936	542,571	542,571	542,571	739,027	1,031,675	1,368,123

Table 13 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN225 Msunduzi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available										
Cash/cash equivalents at the year end	832,933	969,624	677,947	729,936	542,571	542,571	542,571	739,027	1,031,675	1,368,123
Other current investments > 90 days	7,935	–	–	299,995	7,031	7,031	7,031	–	0	(0)
Non current assets - Investments	–	–	–	–	–	–	–	–	–	–
Cash and investments available:	840,868	969,624	677,947	1,029,931	549,602	549,602	549,602	739,027	1,031,675	1,368,123
Application of cash and investments										
Unspent conditional transfers	134,857	253,356	80,276	276,042	–	–	–	–	–	–
Unspent borrowing	–	–	–	–	–	–		–	–	–
Statutory requirements										
Other working capital requirements	(428,905)	(638,419)	(161,747)	(549,248)	(1,228,200)	(1,228,200)	(1,228,200)	(1,357,883)	(1,608,980)	(1,882,152)
Other provisions										
Long term investments committed	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments				152,914	152,914	152,914	152,914	100,000	100,000	100,000
Total Application of cash and investments:	(294,049)	(385,063)	(81,471)	(120,292)	(1,075,286)	(1,075,286)	(1,075,286)	(1,257,883)	(1,508,980)	(1,782,152)
Surplus(shortfall)	1,134,917	1,354,687	759,418	1,150,223	1,624,888	1,624,888	1,624,888	1,996,910	2,540,655	3,150,275

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash levels of the City are fairly stable over the MTREF period.
4. The City has embarked on an extensive debt collection drive to reduce the already high debtor's book.
5. The 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Projected cash and cash equivalents totals to R739.4 million as at the end of the 2018/19 financial year and increases to R1.368 billion by 2020/21.

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the MTREF period 2018/19 to 2020/21 the budgeted surplus is stable and constant.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2018/19 MTREF is sufficiently funded.

7. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
8. As can be seen the budget has been modelled to retain a surplus throughout the MTREF period.

Table 14 MBRR Table A9 - Asset Management

KZN225 Msunduzi - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE										
Total New Assets	1	117,846	82,651	178,293	402,994	279,300	279,300	110,387	101,935	98,125
Roads Infrastructure		607	19,584	3,135	250,092	2,750	2,750	1,293	1,189	1,058
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		20,775	18,105	48,144	32,867	86,923	86,923	40,854	37,586	33,451
Water Supply Infrastructure		5,732	300	7,582	54,491	7,000	7,000	3,290	3,027	2,694
Sanitation Infrastructure		1,829	16,135	370	40,445	26,105	26,105	12,269	11,288	10,046
Solid Waste Infrastructure		–	–	139	–	–	–	–	–	–
Rail Infrastructure		–	–	–	6,000	–	–	–	–	–
Coastal Infrastructure		–	–	–	5,800	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*28,943*	*54,124*	*59,370*	*389,694*	*122,778*	*122,778*	*57,706*	*53,089*	*47,249*
Community Facilities		15,627	–	14,570	5,900	2,367	2,367	3,112	2,863	2,548
Sport and Recreation Facilities		27,965	28,528	6,224	–	22,250	22,250	10,458	9,621	8,563
Community Assets		*43,592*	*28,528*	*20,794*	*5,900*	*24,617*	*24,617*	*13,570*	*12,484*	*11,111*
Heritage Assets		862	–	37,518	–	8,600	8,600	4,042	3,719	3,310
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		825	–	–	–	–	–	–	–	–
Housing		7,423	–	–	7,400	10,900	10,900	5,123	4,713	4,195
Other Assets		*8,248*	–	–	*7,400*	*10,900*	*10,900*	*5,123*	*4,713*	*4,195*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		8,762	–	–	–	45,541	45,541	282	259	231
Intangible Assets		*8,762*	–	–	–	*45,541*	*45,541*	*282*	*259*	*231*
Computer Equipment		27,439	–	393	–	4,946	4,946	2,325	2,139	1,903
Furniture and Office Equipment		–	–	21,385	–	15,144	15,144	7,118	6,548	7,941
Machinery and Equipment		–	–	37,671	–	20,635	20,635	9,698	8,922	7,941
Transport Assets		–	–	1,162	–	26,138	26,138	10,524	10,061	14,244
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	410,791	393,635	470,891	196,980	305,936	305,936	388,397	342,197	385,612
Roads Infrastructure		116,538	134,019	203,189	87,580	127,922	127,922	169,403	143,938	163,562
Storm water Infrastructure		52,713	82,956	–	–	–	–	–	–	–
Electrical Infrastructure		116,132	105,400	86,543	38,800	46,700	46,700	56,974	51,846	58,068
Water Supply Infrastructure		–	12,473	43,920	23,400	28,787	28,787	35,120	31,959	35,794
Sanitation Infrastructure		30,221	25,503	14,909	3,900	48,976	48,976	59,751	54,373	60,898
Solid Waste Infrastructure		8,858	755	9,724	4,800	4,800	4,800	5,856	5,329	5,968
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*324,463*	*361,107*	*358,285*	*158,480*	*257,184*	*257,184*	*327,104*	*287,446*	*324,290*
Community Facilities		7,614	10,990	36,584	10,100	6,369	6,369	9,771	7,071	7,920
Sport and Recreation Facilities		17,653	3,146	20,233	900	–	–	–	–	–
Community Assets		*25,267*	*14,136*	*56,817*	*11,000*	*6,369*	*6,369*	*9,771*	*7,071*	*7,920*
Heritage Assets		57,227	15,823	26,117	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	2,500	1,300	1,300	1,586	1,443	1,616
Housing		2,692	2,569	20,213	–	–	–	–	–	–
Other Assets		*2,692*	*2,569*	*20,213*	*2,500*	*1,300*	*1,300*	*1,586*	*1,443*	*1,616*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	25,000	40,932	40,932	49,937	46,237	51,786
Intangible Assets		–	–	–	*25,000*	*40,932*	*40,932*	*49,937*	*46,237*	*51,786*
Computer Equipment		1,142	–	4,882	–	–	–	–	–	–
Furniture and Office Equipment		–	–	4,577	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	150	150	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Upgrading of Existing Assets	6	–	–	–	98,450	177,356	177,356	67,598	70,012	83,868
Roads Infrastructure		–	–	–	46,440	114,802	114,802	48,201	50,096	63,800
Storm water Infrastructure		–	–	–	9,310	2,104	2,104	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	30,000	50,000	50,000	4,352	6,594	4,745
Sanitation Infrastructure		–	–	–	3,900	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	4,800	–	–	8,295	6,710	7,718
Rail Infrastructure		–	–	–	4,000	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	*98,450*	*166,906*	*166,906*	*60,848*	*63,400*	*76,264*
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	500	500	1,000	–	–
Community Assets		–	–	–	–	*500*	*500*	*1,000*	–	–
Heritage Assets		–	–	–	–	2,250	2,250	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	2,000	2,000	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	*2,000*	*2,000*	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	700	700	–	–	–
Machinery and Equipment		–	–	–	–	5,000	5,000	5,750	6,613	7,604
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Roads Infrastructure		117,145	153,602	206,324	384,112	245,473	245,473	218,897	195,223	228,420
Storm water Infrastructure		52,713	82,956	–	9,310	2,104	2,104	–	–	–
Electrical Infrastructure		136,907	123,505	134,687	71,667	133,623	133,623	97,828	89,432	91,519
Water Supply Infrastructure		5,732	12,773	51,503	107,891	85,787	85,787	42,761	41,580	43,233
Sanitation Infrastructure		32,050	41,638	15,279	48,245	75,081	75,081	72,020	65,661	70,944
Solid Waste Infrastructure		8,858	755	9,863	9,600	4,800	4,800	14,151	12,039	13,687
Rail Infrastructure		–	–	–	10,000	–	–	–	–	–
Coastal Infrastructure		–	–	–	5,800	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*353,406*	*415,230*	*417,655*	*646,624*	*546,868*	*546,868*	*445,657*	*403,935*	*447,804*
Community Facilities		23,241	10,990	51,154	16,000	8,736	8,736	12,883	9,935	10,468
Sport and Recreation Facilities		45,618	31,674	26,457	900	22,750	22,750	11,458	9,621	8,563
Community Assets		*68,859*	*42,664*	*77,611*	*16,900*	*31,486*	*31,486*	*24,341*	*19,556*	*19,031*
Heritage Assets		58,090	15,823	63,635	–	10,850	10,850	4,042	3,719	3,310
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		825	–	–	2,500	3,300	3,300	1,586	1,443	1,616
Housing		10,114	2,569	20,213	7,400	10,900	10,900	5,123	4,713	4,195
Other Assets		*10,939*	*2,569*	*20,213*	*9,900*	*14,200*	*14,200*	*6,709*	*6,156*	*5,811*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		8,762	–	–	25,000	86,473	86,473	50,219	46,497	52,017
Intangible Assets		*8,762*	–	–	*25,000*	*86,473*	*86,473*	*50,219*	*46,497*	*52,017*
Computer Equipment		28,581	–	5,275	–	4,946	4,946	2,325	2,139	1,903
Furniture and Office Equipment		–	–	25,962	–	15,844	15,844	7,118	6,548	7,941
Machinery and Equipment		–	–	37,671	–	25,635	25,635	15,448	15,535	15,545
Transport Assets		–	–	1,162	–	26,138	26,138	10,524	10,061	14,244
Libraries		–	–	–	–	150	150	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		528,636	476,286	649,185	698,424	762,591	762,591	566,382	514,145	567,606

KZN225 Msunduzi - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure		2,061,831	2,550,778	1,741,302	2,536,781	2,422,035	2,422,035	2,794,731	3,015,287	3,311,190
Storm water Infrastructure				156,435		–	–	162,997	157,018	150,740
Electrical Infrastructure		1,297,036	1,700,386	1,275,053	1,563,852	1,563,852	1,563,852	1,256,467	1,166,024	1,072,083
Water Supply Infrastructure		782,055	1,173,333	912,163	939,984	939,984	939,984	1,149,674	1,232,428	1,318,683
Sanitation Infrastructure		528,280	588,640	470,205	561,526	561,526	561,526	650,125	681,596	714,571
Solid Waste Infrastructure		515,410	579,408	15,673	152,937	152,937	152,937	35,522	42,231	49,950
Rail Infrastructure			27,837	1,408				–	–	–
Coastal Infrastructure				4,867				–	–	–
Information and Communication Infrastructure								5,580	7,110	6,601
Infrastructure		*5,184,612*	*6,620,383*	*4,577,106*	*5,755,081*	*5,640,334*	*5,640,334*	*6,055,096*	*6,301,695*	*6,623,817*
Community Facilities		393,162	462,387	294,811	766,587	881,334	881,334	19,998	20,998	22,048
Sport and Recreation Facilities				126,091				14,510	15,236	15,998
Community Assets		*393,162*	*462,387*	*420,903*	*766,587*	*881,334*	*881,334*	*34,508*	*36,234*	*38,046*
Heritage Assets								247,912	247,912	247,912
Revenue Generating		230,945	282,710	226,212	230,945	230,945	230,945	720,224	720,224	720,224
Non-revenue Generating										
Investment properties		*230,945*	*282,710*	*226,212*	*230,945*	*230,945*	*230,945*	*720,224*	*720,224*	*720,224*
Operational Buildings		1,009,017	246,995	711,539	602,937	602,937	602,937	–	–	–
Housing				271,916				334,721	374,239	379,989
Other Assets		*1,009,017*	*246,995*	*983,455*	*602,937*	*602,937*	*602,937*	*334,721*	*374,239*	*379,989*
Biological or Cultivated Assets		382,805		770	356,914	356,914	356,914			
Servitudes				804				804	804	804
Licences and Rights		17,212			48,733	48,733	48,733	25,735	–	–
Intangible Assets		*17,212*	–	*804*	*48,733*	*48,733*	*48,733*	*26,539*	*804*	*804*
Computer Equipment				49,799				1,227	5,572	13,166
Furniture and Office Equipment		44,831	75,086	56,298	46,190	46,190	46,190	16,019	156	4,654
Machinery and Equipment		257,600		1,222,451				577,334	322,875	22,340
Transport Assets				73,941				140,259	167,198	177,932
Libraries								150	150	150
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	7,520,183	7,687,562	7,611,739	7,807,386	7,807,386	7,807,386	8,153,989	8,177,058	8,229,034
EXPENDITURE OTHER ITEMS										
Depreciation	7	481,107	504,289	597,068	536,470	460,960	460,960	462,571	485,700	509,986
Repairs and Maintenance by Asset Class	3	193,317	162,844	–	277,871	173,876	173,876	212,407	222,796	250,642
Roads Infrastructure		8,642	47,029	–	41,095	25,715	25,715	–	–	–
Storm water Infrastructure		–	–	–	10,080	6,307	6,307	–	–	–
Electrical Infrastructure		50,624	50,160	–	129,210	80,852	80,852	55,411	57,075	58,785
Water Supply Infrastructure		17,375	15,460	–	17,885	11,191	11,191	8,427	8,680	10,521
Sanitation Infrastructure		5,936	6,125	–	7,833	4,901	4,901	121,923	129,139	138,000
Solid Waste Infrastructure		3,485	8,472	–	–	–	–	1,708	1,815	1,931
Rail Infrastructure		–	–	–	1,500	939	939	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*86,063*	*127,246*	–	*207,603*	*129,906*	*129,906*	*187,469*	*196,709*	*209,237*
Community Facilities		9,446	17,218	–	19,024	11,904	11,904	4,043	4,194	4,351
Sport and Recreation Facilities		15,000	–	–	21,822	13,655	13,655	5,390	5,552	5,719
Community Assets		*24,446*	*17,218*	–	*40,846*	*25,559*	*25,559*	*9,433*	*9,746*	*10,069*
Heritage Assets		38,222	18,379	–	1,053	659	659	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		14,627	–	–	12,510	7,828	7,828	3,509	3,614	17,822
Housing		–	–	–	–	–	–	–	–	–
Other Assets		*14,627*	–	–	*12,510*	*7,828*	*7,828*	*3,509*	*3,614*	*17,822*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	7,900	4,943	4,943	–	–	–
Intangible Assets		–	–	–	*7,900*	*4,943*	*4,943*	–	–	–
Computer Equipment		–	–	–	5,280	3,304	3,304	–	–	–
Furniture and Office Equipment		–	–	–	483	302	302	–	–	–
Machinery and Equipment		11,658	–	–	953	596	596	1,061	1,026	1,074
Transport Assets		18,301	–	–	1,242	777	777	10,935	11,701	12,439
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		674,424	667,133	597,068	814,340	634,835	634,835	674,978	708,495	760,628
Renewal and upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Renewal and upgrading of Existing Assets as % of deprecn		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
R&M as a % of PPE		*2.7%*	*2.4%*	*0.0%*	*3.9%*	*2.4%*	*2.4%*	*2.8%*	*3.0%*	*3.3%*
Renewal and upgrading and R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The City has allocated 45.3% of the total capital budget to the renewal and upgrading of existing assets, and also increased the budget for repairs and maintenance. When the budgets for repairs and maintenance, renewal of assets and upgrading of assets are added together, they amount to 8% of the PPE. Repairs and Maintenance alone as a % of PPE has increased from 2.4% to 3.9% in 2018/19. The municipality will gradually increase this provision until the acceptable 8% is achieved.

Table 15 MBRR Table A10 - Basic Service Delivery Measurement

KZN225 Msunduzi - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		80,873	81,128	81,490	83,120	83,120	83,120	84,782	86,478	90,207
Piped water inside yard (but not in dwelling)		63,301	63,899	63,899	65,177	65,177	65,177	67,481	69,310	69,166
Using public tap (at least min.service level)	2	3,116	4,710	6,396	6,524	6,524	6,524	6,654	6,787	6,923
Other water supply (at least min.service level)	4	6,352	4,758	3,072	3,133	3,133	3,133	3,196	3,260	3,325
Minimum Service Level and Above sub-total		153,642	154,495	154,857	157,954	157,954	157,954	162,113	165,835	169,622
Using public tap (< min.service level)	3	6,396	6,396	6,396	6,524	6,524	6,524	6,654	6,787	6,923
Other water supply (< min.service level)	4	3,955	2,740	2,740	2,795	2,795	2,795	1,851	1,408	966
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		10,351	9,136	9,136	9,319	9,319	9,319	8,505	8,195	7,889
Total number of households	5	163,993	163,631	163,993	167,273	167,273	167,273	170,618	174,031	177,511
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		84,973	85,096	85,149	86,852	86,852	86,852	91,589	96,761	101,168
Flush toilet (with septic tank)		8,372	8,372	8,319	8,485	8,485	8,485	8,655	8,828	9,005
Chemical toilet		7,076	7,076	7,076	7,218	7,218	7,218	7,362	7,509	7,659
Pit toilet (ventilated)		58,695	58,695	59,427	62,616	62,616	62,616	61,828	60,064	59,326
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		159,116	159,239	159,971	165,170	165,170	165,170	169,434	173,163	177,158
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		4,877	4,754	4,022	2,102	2,102	2,102	1,184	868	354
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		4,877	4,754	4,022	2,102	2,102	2,102	1,184	868	354
Total number of households	5	163,993	163,993	163,993	167,273	167,273	167,273	170,618	174,031	177,511
Energy:										
Electricity (at least min.service level)		127,123	126,487	123,471	130,462	130,462	130,462	135,271	140,137	145,060
Electricity - prepaid (min.service level)		24,203	24,839	26,285	26,811	26,811	26,811	27,347	27,894	28,452
Minimum Service Level and Above sub-total		151,326	151,326	149,756	157,273	157,273	157,273	162,618	168,031	173,511
Electricity (< min.service level)		–	–	1,570	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		12,667	12,667	12,667	10,000	10,000	10,000	8,000	6,000	4,000
Below Minimum Service Level sub-total		12,667	12,667	14,237	10,000	10,000	10,000	8,000	6,000	4,000
Total number of households	5	163,993	163,993	163,993	167,273	167,273	167,273	170,618	174,031	177,511
Refuse:										
Removed at least once a week		120,000	120,000	120,000	122,400	122,400	122,400	129,848	137,345	148,559
Minimum Service Level and Above sub-total		120,000	120,000	120,000	122,400	122,400	122,400	129,848	137,345	148,559
Removed less frequently than once a week		43,993	43,993	43,993	44,873	44,873	44,873	40,770	36,686	28,952
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		43,993	43,993	43,993	44,873	44,873	44,873	40,770	36,686	28,952
Total number of households	5	163,993	163,993	163,993	167,273	167,273	167,273	170,618	174,031	177,511
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		25,099	23,884	23,884	29,536	29,536	29,536	39,476	43,587	48,550
Sanitation (free minimum level service)		25,099	23,884	23,884	29,536	29,536	29,536	39,476	43,587	48,550
Electricity/other energy (50kwh per household per month)		2,800	2,800	2,800	3,080	3,080	3,080	3,265	3,461	3,668
Refuse (removed at least once a week)		5,182	5,182	5,182	5,959	5,959	5,959	6,078	6,200	6,324
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		124,318	132,821	141,906	151,612	151,612	151,612	150,960	172,547	197,222
Sanitation (free sanitation service to indigent households)		8,652	9,243	9,876	5,551	10,551	10,551	11,184	11,855	12,567
Electricity/other energy (50kwh per indigent household per month)		1,410	1,506	1,610	1,720	1,720	1,720	1,837	1,963	2,097
Refuse (removed once a week for indigent households)		4,625	4,942	5,280	3,474	5,641	5,641	5,979	6,338	6,718
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		139,005	148,512	158,671	162,357	169,524	169,524	169,961	192,704	218,604
Highest level of free service provided per household										
Property rates (R value threshold)		150,000	150,000	150,000	100,000	100,000	100,000	100,000	120,000	120,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		115	122	136	145	145	145	153	163	172
Electricity (kwh per household per month)		70	70	70	70	70	70	70	70	70
Refuse (average litres per week)		200	200	200	200	200	200	200	200	200
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)		15	15	15	15	15	15	15	15	15
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		355,321	371,029	393,080	416,680	416,680	416,680	441,681	468,182	496,273
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		564	603	644	688	688	688	735	785	839
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	6	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided		355,900	371,646	393,739	417,383	417,383	417,383	442,431	468,982	497,127

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The City continues to make steady progress with the eradication of backlogs:
 a) Water services – backlog reduction households as from 2012/13 to 2020/21. These households are largely found in reception areas and will need to be moved to formal areas so that they can receive services.

 b) Sanitation services – backlog will be reduced by over 2000 households over the MTREF. The number of households with no toilet provision projects a decline as from 2012/13 up to 2020/21.

 a. Sanitation services – backlog will be reduced by over 2000 households over the MTREF. The number of households with no toilet provision projects a decline as from 2012/13 up to 2020/21.
 b. Electricity services – backlog reduction of households without the supply. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised
 c. Refuse services – backlog projects a downward trend of households without a service as from 2012/13 up to 2020/21.

Consolidated Budget Tables

KZN225 Msunduzi - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	686,396	742,052	795,878	849,846	849,846	849,846	849,846	900,837	954,887	1,012,180
Service charges	2,227,636	2,482,199	2,540,097	3,018,339	2,880,853	2,880,853	2,880,853	3,024,881	3,267,408	3,531,327
Investment revenue	51,027	68,434	54,664	52,489	38,033	38,033	38,033	39,956	41,959	44,062
Transfers recognised - operational	519,604	466,156	497,277	589,271	619,577	619,577	619,577	672,679	691,597	745,450
Other own revenue	340,272	222,992	252,481	427,937	409,089	409,089	409,089	393,684	412,503	437,253
Total Revenue (excluding capital transfers and contributions)	3,824,936	3,981,833	4,140,397	4,937,883	4,797,398	4,797,398	4,797,398	5,032,038	5,368,354	5,770,272
Employee costs	885,337	953,358	995,653	1,152,206	1,165,106	1,165,106	1,165,106	1,274,330	1,368,957	1,471,871
Remuneration of councillors	34,657	41,763	43,574	45,185	45,185	45,185	45,185	48,573	52,217	56,133
Depreciation & asset impairment	481,980	505,151	598,014	537,298	461,788	461,788	461,788	468,636	491,930	516,380
Finance charges	71,180	75,084	68,474	62,143	56,246	56,246	56,246	50,688	43,287	37,003
Materials and bulk purchases	1,780,180	1,831,562	1,912,510	2,137,202	2,056,715	2,056,715	2,056,715	2,114,119	2,295,093	2,493,791
Transfers and grants	7,011	20,403	28,477	–	–	–	–	45,328	47,976	49,763
Other expenditure	872,800	805,533	1,166,236	970,797	969,770	969,770	969,770	927,237	919,156	970,141
Total Expenditure	4,133,146	4,232,853	4,812,938	4,904,831	4,754,809	4,754,809	4,754,809	4,928,912	5,218,616	5,595,082
Surplus/(Deficit)	(308,209)	(251,020)	(672,541)	33,052	42,589	42,589	42,589	103,126	149,738	175,190
Transfers and subsidies - capital (monetary allocations)	356,459	303,484	436,141	460,257	411,358	411,358	411,358	404,341	394,145	447,606
Contributions recognised - capital & contributed assets	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	48,249	52,464	(236,399)	493,309	453,947	453,947	453,947	507,467	543,883	622,796
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	48,249	52,464	(236,399)	493,309	453,947	453,947	453,947	507,467	543,883	622,796
Capital expenditure & funds sources										
Capital expenditure	528,636	476,286	649,185	698,424	762,591	762,591	762,591	571,382	514,145	567,606
Transfers recognised - capital	356,459	303,484	436,141	460,257	411,909	411,909	411,909	404,341	394,145	447,606
Public contributions & donations	–	–	–	–	–	–	–	–	–	–
Borrowing	100,000	62,181	40,245	38,800	88,800	88,800	88,800	42,041	–	–
Internally generated funds	72,177	110,621	172,798	199,367	261,882	261,882	261,882	125,000	120,000	120,000
Total sources of capital funds	528,636	476,286	649,185	698,424	762,591	762,591	762,591	571,382	514,145	567,606
Financial position										
Total current assets	1,986,372	2,300,399	1,860,482	2,707,128	2,226,799	2,226,799	2,226,799	2,703,875	3,307,520	3,981,790
Total non current assets	7,987,955	7,778,626	7,937,126	7,812,662	8,008,309	8,008,309	8,008,309	8,106,054	8,128,177	8,179,206
Total current liabilities	912,845	1,046,106	1,051,573	1,290,669	417,371	417,371	417,371	501,389	528,808	552,100
Total non current liabilities	1,197,150	1,263,991	1,200,326	1,216,839	1,216,839	1,216,839	1,216,839	1,187,496	1,160,477	1,141,762
Community wealth/Equity	7,864,332	7,768,929	7,545,709	8,012,282	8,600,898	8,600,898	8,600,898	9,121,044	9,746,412	10,467,134
Cash flows										
Net cash from (used) operating	496,939	564,777	375,788	838,747	715,549	715,549	715,549	844,710	886,893	977,135
Net cash from (used) investing	(546,886)	(476,769)	(651,395)	(698,424)	(762,591)	(762,591)	(762,591)	(571,382)	(517,145)	(567,606)
Net cash from (used) financing	55,661	48,875	(15,995)	(79,368)	(79,368)	(79,368)	(79,368)	(76,471)	(77,483)	(73,066)
Cash/cash equivalents at the year end	5,714	969,816	678,021	738,902	551,537	551,537	551,537	739,427	1,031,692	1,368,155
Cash backing/surplus reconciliation										
Cash and investments available	849,088	971,061	679,175	1,030,827	550,498	550,498	550,498	740,323	1,032,588	1,369,051
Application of cash and investments	(286,281)	(384,398)	(80,666)	(119,487)	(1,074,481)	(1,074,481)	(1,074,481)	(1,257,236)	(1,508,233)	(1,781,324)
Balance - surplus (shortfall)	1,135,369	1,355,459	759,841	1,150,314	1,624,979	1,624,979	1,624,979	1,997,559	2,540,821	3,150,375
Asset management										
Asset register summary (WDV)	7,520,183	7,687,562	7,611,739	7,807,386	7,807,386	7,807,386		8,153,989	8,177,058	8,229,034
Depreciation	481,107	504,289	597,068	536,470	460,960	460,960		460,960	467,691	491,076
Renewal of Existing Assets	410,791	393,635	470,891	196,980	305,936	305,936		387,397	342,197	385,612
Repairs and Maintenance	193,317	162,844	–	277,871	173,876	173,876		212,407	222,796	250,642
Free services										
Cost of Free Basic Services provided	139,005	148,512	158,671	162,357	169,524	169,524	168,346	168,346	189,035	212,351
Revenue cost of free services provided	355,900	371,646	393,739	417,383	417,383	417,383	442,431	442,431	468,982	497,127
Households below minimum service level										
Water:	10	9	9	9	9	9	9	9	8	8
Sanitation/sewerage:	5	5	4	2	2	2	1	1	1	0
Energy:	13	13	14	10	10	10	8	8	6	4
Refuse:	44	44	44	45	45	45	41	41	37	29

KZN225 Msunduzi - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional										
Governance and administration		1,220,061	2,221,277	1,177,992	1,849,340	1,783,235	1,783,235	1,883,552	1,995,167	2,121,934
Executive and council		14,303	175,836	3,913	8,493	8,330	8,330	3,074	195	207
Finance and administration		1,205,759	2,045,440	1,174,079	1,840,847	1,774,904	1,774,904	1,880,479	1,994,972	2,121,727
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		52,065	77,902	282,991	125,446	161,627	161,627	130,762	116,084	117,766
Community and social services		10,928	33,000	35,823	34,358	35,840	35,840	28,593	29,993	34,337
Sport and recreation		2,736	24,070	15,516	9,742	9,568	9,568	10,054	8,470	2,414
Public safety		15,255	848	525	1,167	834	834	318	300	318
Housing		23,146	19,985	231,128	80,180	115,384	115,384	91,797	77,321	80,696
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		172,296	248,288	332,468	344,217	287,120	287,120	325,385	310,485	362,082
Planning and development		39,565	49,587	15,852	47,626	51,510	51,510	43,772	26,980	54,625
Road transport		132,731	198,688	316,597	296,556	235,576	235,576	281,577	283,466	307,416
Environmental protection		–	13	19	34	34	34	36	38	41
Trading services		2,660,443	2,926,475	2,942,648	3,609,483	3,531,464	3,531,464	3,680,521	3,972,306	4,297,511
Energy sources		1,754,280	1,893,551	1,928,075	2,093,492	2,110,886	2,110,886	2,235,473	2,385,464	2,549,539
Water management		678,151	724,054	711,698	1,136,283	1,057,633	1,057,633	1,063,455	1,181,740	1,320,790
Waste water management		138,622	201,336	185,039	236,801	210,391	210,391	222,240	235,658	247,831
Waste management		89,390	107,534	117,836	142,907	152,553	152,553	159,353	169,443	179,351
Other	4	76,529	60,753	47,112	49,379	34,804	34,804	26,919	26,460	28,047
Total Revenue - Functional	2	4,181,395	5,534,695	4,783,210	5,977,865	5,798,248	5,798,248	6,047,141	6,420,501	6,927,341
Expenditure - Functional										
Governance and administration		484,549	1,683,817	958,977	1,461,168	1,535,915	1,535,915	1,563,188	1,642,070	1,746,639
Executive and council		148,754	175,104	152,627	176,018	199,548	199,548	176,893	185,237	195,685
Finance and administration		335,795	1,508,713	785,737	1,270,326	1,318,539	1,318,539	1,372,747	1,442,652	1,536,029
Internal audit		–	–	20,613	14,825	17,828	17,828	13,548	14,180	14,925
Community and public safety		781,100	479,572	480,955	432,673	433,345	433,345	446,748	456,168	484,011
Community and social services		193,660	119,305	130,640	112,732	115,167	115,167	119,452	127,088	135,270
Sport and recreation		168,703	168,145	167,481	127,777	119,613	119,613	120,149	127,839	136,340
Public safety		340,451	94,402	83,637	86,354	99,496	99,496	100,457	107,153	114,339
Housing		48,922	68,930	94,678	105,236	98,502	98,502	106,300	93,686	97,648
Health		29,364	28,790	4,520	574	567	567	390	402	414
Economic and environmental services		394,680	490,149	416,929	499,965	347,641	347,641	343,450	352,410	374,094
Planning and development		39,192	70,545	72,584	95,454	89,863	89,863	84,831	85,260	90,628
Road transport		355,487	410,607	332,651	384,301	238,818	238,818	240,723	248,046	263,114
Environmental protection		–	8,996	11,694	20,210	18,961	18,961	17,896	19,103	20,352
Trading services		2,418,301	2,742,157	3,073,241	3,028,579	2,976,791	2,976,791	3,112,811	3,349,000	3,618,977
Energy sources		1,554,766	1,740,129	1,885,208	1,791,010	1,777,537	1,777,537	1,832,623	1,957,489	2,092,539
Water management		610,513	627,494	886,438	890,179	802,871	802,871	844,405	942,725	1,051,770
Waste water management		173,582	225,167	195,840	221,895	275,168	275,168	306,794	310,879	326,837
Waste management		79,439	149,367	105,755	125,495	121,214	121,214	128,989	137,907	147,831
Other	4	54,517	86,536	89,507	62,171	50,609	50,609	73,477	76,972	80,823
Total Expenditure - Functional	3	4,133,146	5,482,231	5,019,609	5,484,556	5,344,301	5,344,301	5,539,674	5,876,619	6,304,545
Surplus/(Deficit) for the year		48,249	52,464	(236,399)	493,309	453,947	453,947	507,466	543,883	622,796

KZN225 Msunduzi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 1 - City Manager		143,029	164,291	–	0	0	0	0	0	0
Vote 2 - City Finance		1,202,003	1,793,053	1,162,603	1,756,445	1,733,392	1,733,392	1,841,339	1,955,736	2,083,069
Vote 3 - Community Services and Social Equity		246,846	333,227	217,765	235,003	248,279	248,279	239,388	247,457	258,050
Vote 4 - Corporate Services		151,733	141,567	1,791	4,755	3,124	3,124	2,094	1,975	2,094
Vote 5 - Infrastructure Services		2,277,215	2,976,654	3,106,589	3,239,147	3,610,876	3,610,876	3,801,264	4,083,952	4,420,122
Vote 6 - Sustainable Development and City Enterprises		160,568	125,903	294,380	162,789	202,576	202,576	163,056	131,381	164,006
Total Revenue by Vote	2	4,181,395	5,534,695	4,783,129	5,398,140	5,798,248	5,798,248	6,047,141	6,420,501	6,927,341
Expenditure by Vote *to be appropriated*	1									
Vote 1 - City Manager		148,754	169,822	166,773	177,064	177,064	177,064	207,764	212,129	221,798
Vote 2 - City Finance		886,140	1,139,338	371,290	641,307	674,762	674,762	967,155	1,014,457	1,068,717
Vote 3 - Community Services and Social Equity		578,734	827,409	786,608	532,560	651,905	651,905	735,819	779,969	843,686
Vote 4 - Corporate Services		154,425	177,690	175,575	168,818	181,718	181,718	173,158	183,331	195,910
Vote 5 - Infrastructure Services		2,143,728	2,903,898	3,237,035	3,033,842	3,307,612	3,307,612	3,156,872	3,390,800	3,659,515
Vote 6 - Sustainable Development and City Enterprises		221,364	264,074	282,248	351,240	351,240	351,240	298,906	295,932	314,917
Total Expenditure by Vote	2	4,133,146	5,482,231	5,019,528	4,904,831	5,344,302	5,344,302	5,539,673	5,876,618	6,304,545
Surplus/(Deficit) for the year	2	48,249	52,464	(236,399)	493,309	453,947	453,947	507,467	543,883	622,796

KZN225 Msunduzi - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	686,396	742,052	795,878	849,846	849,846	849,846	849,846	900,837	954,887	1,012,180
Service charges - electricity revenue	2	1,566,133	1,798,548	1,865,158	2,038,443	2,038,443	2,038,443	2,038,443	2,177,873	2,326,839	2,485,995
Service charges - water revenue	2	452,443	473,021	464,204	716,666	612,836	612,836	612,836	610,173	697,428	797,160
Service charges - sanitation revenue	2	127,516	126,391	121,806	157,301	129,313	129,313	129,313	137,072	145,296	154,014
Service charges - refuse revenue	2	81,544	84,240	88,928	105,929	100,260	100,260	100,260	106,276	112,653	119,412
Service charges - other											
Rental of facilities and equipment		23,477	20,851	26,144	22,085	24,382	24,382	24,382	35,220	36,240	38,415
Interest earned - external investments		51,027	68,434	54,664	52,489	38,033	38,033	38,033	39,956	41,959	44,062
Interest earned - outstanding debtors		69,529	80,450	96,347	66,259	111,190	111,190	111,190	118,141	125,197	132,709
Dividends received						–					
Fines, penalties and forfeits		138,841	52,922	18,046	71,432	70,867	70,867	70,867	75,203	79,705	84,488
Licences and permits		89	272	521	97	5,766	5,766	5,766	100	106	112
Agency services		578	2,148	2,998	713	713	713	713			
Transfers and subsidies		519,604	466,156	497,277	589,271	619,577	619,577	619,577	622,279	639,367	674,263
Other revenue	2	89,221	66,348	108,426	267,351	196,172	196,172	196,172	165,019	171,254	181,529
Gains on disposal of PPE		18,537	–								
Total Revenue (excluding capital transfers and contributions)		3,824,936	3,981,833	4,140,397	4,937,883	4,797,398	4,797,398	4,797,398	4,988,150	5,330,932	5,724,340
Expenditure By Type											
Employee related costs	2	885,337	953,358	995,653	1,152,206	1,165,106	1,165,106	1,165,106	1,255,537	1,349,941	1,451,448
Remuneration of councillors		34,657	41,763	43,574	45,185	45,185	45,185	45,185	48,573	52,217	56,133
Debt impairment	3	222,110	102,369	332,295	103,942	103,942	103,942	103,942	110,178	116,789	123,796
Depreciation & asset impairment	2	481,980	505,151	598,014	537,298	461,788	461,788	461,788	468,636	491,930	516,380
Finance charges		71,180	75,084	68,474	62,143	56,246	56,246	56,246	50,688	43,287	37,003
Bulk purchases	2	1,586,802	1,799,214	1,866,283	2,050,950	2,010,053	2,010,053	2,010,053	2,055,752	2,241,742	2,446,424
Other materials	8	193,377	32,348	46,227	86,252	46,661	46,661	46,661	63,786	65,687	68,413
Contracted services		29,969	462,228	556,573	420,727	537,472	537,472	537,472	608,591	610,710	650,210
Transfers and subsidies		6,183	20,871	29,606	–	–	–	–	45,328	47,976	49,763
Other expenditure	4, 5	620,721	165,513	202,845	446,129	328,356	328,356	328,356	208,023	203,972	210,806
Loss on disposal of PPE			75,423	74,522							
Total Expenditure		4,132,317	4,233,322	4,814,066	4,904,830	4,754,808	4,754,808	4,754,808	4,915,093	5,224,251	5,610,375
Surplus/(Deficit)		(307,381)	(251,489)	(673,669)	33,053	42,590	42,590	42,590	73,056	106,681	113,964
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		356,459	303,484	436,141	460,257	411,358	411,358	411,358	404,341	394,145	447,606
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		49,078	51,996	(237,528)	493,310	453,948	453,948	453,948	477,398	500,826	561,570
Taxation											
Surplus/(Deficit) after taxation		49,078	51,996	(237,528)	493,310	453,948	453,948	453,948	477,398	500,826	561,570
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		49,078	51,996	(237,528)	493,310	453,948	453,948	453,948	477,398	500,826	561,570
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		49,078	51,996	(237,528)	493,310	453,948	453,948	453,948	477,398	500,826	561,570

KZN225 Msunduzi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote										
Multi-year expenditure *to be appropriated*										
Vote 1 - City Manager	9,110	6,411	5,020	189,012	104,447	104,447	104,447	1,888	3,888	3,888
Vote 2 - City Finance	742	4,936	24,683	20,500	18,845	18,845	18,845	26,124	27,430	27,610
Vote 3 - Community Services and Social Equity	48,595	34,870	45,805	31,800	71,377	71,377	71,377	24,604	18,811	29,995
Vote 4 - Corporate Services	257	–	24,580	1,300	5,000	5,000	5,000	21,085	2,825	1,200
Vote 5 - Infrastructure Services	326,083	326,001	442,085	269,934	361,034	361,034	361,034	334,528	368,163	374,702
Vote 6 - Sustainable Development and City Enter	55,804	26,852	40,685	83,056	114,618	114,618	114,618	9,666	10,000	11,763
Capital multi-year expenditure sub-total	440,590	399,069	582,858	595,601	675,321	675,321	675,321	417,894	431,118	449,159
Single-year expenditure *to be appropriated*										
Vote 1 - City Manager	555	763	1,793	6,470	9,048	9,048	9,048	3,867	1,867	1,867
Vote 2 - City Finance	27,839	31,896	790	16,907	27,140	27,140	27,140	7,090	5,575	5,395
Vote 3 - Community Services and Social Equity	21,844	16,180	44,020	26,337	21,447	21,447	21,447	35,165	31,164	39,325
Vote 4 - Corporate Services	12,260	6,460	395	30,100	4,821	4,821	4,821	3,038	2,996	4,621
Vote 5 - Infrastructure Services	22,878	17,510	15,838	8,500	16,053	16,053	16,053	50,191	4,000	2,250
Vote 6 - Sustainable Development and City Enter	2,671	4,409	3,491	14,510	8,760	8,760	8,760	54,137	37,425	64,990
Capital single-year expenditure sub-total	88,046	77,217	66,327	102,823	87,270	87,270	87,270	153,488	83,027	118,447
Total Capital Expenditure - Vote	528,636	476,286	649,185	698,424	762,591	762,591	762,591	571,382	514,145	567,606
Capital Expenditure - Functional										
Governance and administration	50,762	50,466	55,025	257,708	181,535	181,535	181,535	130,705	120,249	131,071
Executive and council	9,665	7,174	3,866	220,302	113,495	113,495	113,495	81,716	75,179	81,945
Finance and administration	28,581	36,832	26,149	37,407	68,040	68,040	68,040	48,989	45,069	49,126
Internal audit	12,517	6,460	25,009							
Community and public safety	68,187	52,921	83,958	77,627	71,737	71,737	71,737	53,803	48,422	52,780
Community and social services	17,495	4,763	39,479	30,567	16,682	16,682	16,682	12,512	11,261	12,274
Sport and recreation	45,618	39,271	22,350	12,200	27,503	27,503	27,503	20,627	18,565	20,235
Public safety	1,883	3,022	3,139	17,050	4,500	4,500	4,500	3,375	3,038	3,311
Housing	3,191	5,864	18,991	17,810	23,052	23,052	23,052	17,289	15,560	16,960
Health	–									
Economic and environmental services	145,875	151,576	237,673	130,141	161,970	161,970	161,970	123,238	106,414	123,179
Planning and development	27,037	23,039	33,140	72,737	90,070	90,070	90,070	65,751	59,176	64,502
Road transport	117,841	126,943	203,169	57,404	71,202	71,202	71,202	56,977	46,779	58,177
Environmental protection	997	1,594	1,364		698	698	698	509	459	500
Trading services	235,566	218,966	270,950	223,699	343,056	343,056	343,056	260,202	235,969	257,206
Energy sources	136,907	112,513	175,494	73,293	121,868	121,868	121,868	97,494	89,532	97,590
Water management	53,989	65,591	68,111	98,391	99,916	99,916	99,916	65,690	59,121	64,441
Waste water management	32,050	37,404	18,992	44,345	81,073	81,073	81,073	64,858	58,372	63,626
Waste management	12,620	3,457	8,353	7,670	40,200	40,200	40,200	32,160	28,944	31,549
Other	28,247	2,357	1,579	9,248	4,294	4,294	4,294	3,435	3,091	3,370
Total Capital Expenditure - Functional	528,636	476,286	649,185	698,424	762,591	762,591	762,591	571,382	514,145	567,606
Funded by:										
National Government	299,283	270,402	411,530	447,390	364,192	364,192	364,192	404,341	394,145	447,606
Provincial Government	57,176	28,696	24,611	12,867	47,717	47,717	47,717			
District Municipality			–							
Other transfers and grants		4,386	–							
Transfers recognised - capital	356,459	303,484	436,141	460,257	411,909	411,909	411,909	404,341	394,145	447,606
Public contributions & donations			–							
Borrowing	100,000	62,181	40,245	38,800	88,800	88,800	88,800	42,041		
Internally generated funds	72,177	110,621	172,798	199,367	261,882	261,882	261,882	125,000	120,000	120,000
Total Capital Funding	528,636	476,286	649,185	698,424	762,591	762,591	762,591	571,382	514,145	567,606

KZN225 Msunduzi - Table A6 Budgeted Financial Position

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS										
Current assets										
Cash	95,494	82,623	8,324	100,086	100,086	100,086	100,086	100,000	100,000	100,000
Call investment deposits	753,594	888,438	670,852	930,741	450,412	450,412	450,412	639,427	931,692	1,268,155
Consumer debtors	717,015	1,112,206	1,013,847	1,229,705	1,229,705	1,229,705	1,229,705	1,512,750	1,819,672	2,152,752
Other debtors	376,561	142,308	92,523	376,447	376,447	376,447	376,447	376,447	376,447	376,447
Current portion of long-term receivables	–	8,318	8,799	43	43	43	43	43	43	43
Inventory	43,708	66,505	66,138	70,106	70,106	70,106	70,106	74,312	78,771	83,497
Total current assets	1,986,372	2,300,399	1,860,482	2,707,128	2,226,799	2,226,799	2,226,799	2,702,979	3,306,624	3,980,894
Non current assets										
Long-term receivables	–	–		9,455	9,455	9,455	9,455	9,455	9,455	9,455
Investments										
Investment property	647,119	591,244	720,224	356,914	356,914	356,914	356,914	356,914	356,914	356,914
Investment in Associate										
Property, plant and equipment	7,037,535	6,848,958	6,876,074	7,193,482	7,389,129	7,389,129	7,389,129	7,486,874	7,508,997	7,560,026
Agricultural	44,831	54,276	54,068	46,520	46,520	46,520	46,520	46,520	46,520	46,520
Biological										
Intangible	17,212	39,882	50,603	27,283	27,283	27,283	27,283	27,283	27,283	27,283
Other non-current assets	241,259	244,266	236,157	179,008	179,008	179,008	179,008	179,008	179,008	179,008
Total non current assets	7,987,955	7,778,626	7,937,126	7,812,662	8,008,309	8,008,309	8,008,309	8,106,054	8,128,177	8,179,206
TOTAL ASSETS	9,974,327	10,079,025	9,797,608	10,519,790	10,235,108	10,235,108	10,235,108	10,809,033	11,434,801	12,160,100
LIABILITIES										
Current liabilities										
Bank overdraft										
Borrowing	53,524	89,205	102,754	79,368	79,368	79,368	79,368	83,217	84,935	80,974
Consumer deposits	87,031	93,516	101,382		106,451	106,451	106,451	113,354	120,705	128,533
Trade and other payables	748,224	856,694	840,260	1,211,301	231,552	231,552	231,552	304,818	323,168	342,593
Provisions	24,067	6,690	7,178							
Total current liabilities	912,845	1,046,106	1,051,573	1,290,669	417,371	417,371	417,371	501,389	528,808	552,100
Non current liabilities										
Borrowing	543,401	571,250	535,739	432,631	432,631	432,631	432,631	349,414	264,479	183,506
Provisions	653,749	692,740	664,587	784,208	784,208	784,208	784,208	838,082	895,997	958,256
Total non current liabilities	1,197,150	1,263,991	1,200,326	1,216,839	1,216,839	1,216,839	1,216,839	1,187,496	1,160,477	1,141,762
TOTAL LIABILITIES	2,109,995	2,310,097	2,251,899	2,507,508	1,634,210	1,634,210	1,634,210	1,688,886	1,689,285	1,693,862
NET ASSETS	7,864,332	7,768,929	7,545,709	8,012,282	8,600,898	8,600,898	8,600,898	9,120,148	9,745,516	10,466,238
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)	7,606,384	7,488,338	7,250,819	7,859,368	8,447,984	8,447,984	8,447,984	8,967,234	9,592,602	10,313,324
Reserves	257,948	280,590	294,890	152,914	152,914	152,914	152,914	152,914	152,914	152,914
TOTAL COMMUNITY WEALTH/EQUITY	7,864,332	7,768,929	7,545,709	8,012,282	8,600,898	8,600,898	8,600,898	9,120,148	9,745,516	10,466,238

KZN225 Msunduzi - Table A7 Budgeted Cash Flows

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	644,943	667,847	716,290	764,862	764,862	764,862	764,862	810,753	859,398	910,962
Service charges	1,893,491	2,109,869	2,159,082	2,738,114	2,592,767	2,592,767	2,592,767	2,722,393	2,940,667	3,178,194
Other revenue	405,695	486,708	111,605	325,510	268,109	268,109	268,109	247,998	258,586	274,101
Government - operating	519,604	466,156	497,277	542,411	575,157	575,157	575,157	672,679	691,597	745,450
Government - capital	356,459	303,484	436,141	456,612	360,589	360,589	360,589	404,341	394,145	447,606
Interest	120,556	148,884	151,011	106,879	134,307	134,307	134,307	146,284	154,636	163,500
Dividends				–	–	–	–	–	–	–
Payments										
Suppliers and employees	(3,372,401)	(3,543,100)	(3,627,156)	(4,033,513)	(3,924,010)	(3,924,010)	(3,924,010)	(4,063,723)	(4,320,873)	(4,655,913)
Finance charges	(71,169)	(75,072)	(68,463)	(62,129)	(56,232)	(56,232)	(56,232)	(50,688)	(43,287)	(37,003)
Transfers and Grants	(238)	–						(45,328)	(47,976)	(49,763)
NET CASH FROM/(USED) OPERATING ACTIVITI	496,939	564,777	375,788	838,747	715,549	715,549	715,549	844,710	886,893	977,135
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	421							–	–	–
Decrease (Increase) in non-current debtors								–	–	–
Decrease (increase) other non-current receivables								–	–	–
Decrease (increase) in non-current investments	(2,125)							–	–	–
Payments										
Capital assets	(545,182)	(476,769)	(651,395)	(698,424)	(762,591)	(762,591)	(762,591)	(571,382)	(517,145)	(567,606)
NET CASH FROM/(USED) INVESTING ACTIVITIE	(546,886)	(476,769)	(651,395)	(698,424)	(762,591)	(762,591)	(762,591)	(571,382)	(517,145)	(567,606)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–	–	–
Borrowing long term/refinancing								–	–	–
Increase (decrease) in consumer deposits	1,921	6,486	7,865					6,903	7,451	7,908
Payments										
Repayment of borrowing	53,739	42,389	(23,861)	(79,368)	(79,368)	(79,368)	(79,368)	(83,375)	(84,935)	(80,974)
NET CASH FROM/(USED) FINANCING ACTIVITI	55,661	48,875	(15,995)	(79,368)	(79,368)	(79,368)	(79,368)	(76,471)	(77,483)	(73,066)
NET INCREASE/ (DECREASE) IN CASH HELD	5,714	136,883	(291,602)	60,955	(126,410)	(126,410)	(126,410)	196,856	292,265	336,463
Cash/cash equivalents at the year begin:		832,933	969,624	677,947	677,947	677,947	677,947	542,571	739,427	1,031,692
Cash/cash equivalents at the year end:	5,714	969,816	678,021	738,902	551,537	551,537	551,537	739,427	1,031,692	1,368,155

KZN225 Msunduzi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	5,714	969,816	678,021	738,902	551,537	551,537	551,537	739,427	1,031,692	1,368,155
Other current investments > 90 days		843,374	1,245	1,154	291,925	(1,039)	(1,039)	(1,039)	896	896	896
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		849,088	971,061	679,175	1,030,827	550,498	550,498	550,498	740,323	1,032,588	1,369,051
Application of cash and investments											
Unspent conditional transfers		134,857	253,356	80,276	276,042	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	(421,137)	(637,754)	(160,942)	(548,443)	(1,227,395)	(1,227,395)	(1,227,395)	(1,357,236)	(1,608,233)	(1,881,324)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5				152,914	152,914	152,914	152,914	100,000	100,000	100,000
Total Application of cash and investments:		(286,281)	(384,398)	(80,666)	(119,487)	(1,074,481)	(1,074,481)	(1,074,481)	(1,257,236)	(1,508,233)	(1,781,324)
Surplus(shortfall)		1,135,369	1,355,459	759,841	1,150,314	1,624,979	1,624,979	1,624,979	1,997,559	2,540,821	3,150,375

KZN225 Msunduzi - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE										
Total New Assets	1	117,846	82,651	178,293	402,994	279,300	279,300	110,387	101,935	98,125
Roads Infrastructure		607	19,584	3,135	250,092	2,750	2,750	1,293	1,189	1,058
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		20,775	18,105	48,144	32,867	86,923	86,923	40,854	37,586	33,451
Water Supply Infrastructure		5,732	300	7,582	54,491	7,000	7,000	3,290	3,027	2,694
Sanitation Infrastructure		1,829	16,135	370	40,445	26,105	26,105	12,269	11,288	10,046
Solid Waste Infrastructure		–	–	139	–	–	–	–	–	–
Rail Infrastructure		–	–	–	6,000	–	–	–	–	–
Coastal Infrastructure		–	–	–	5,800	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*28,943*	*54,124*	*59,370*	*389,694*	*122,778*	*122,778*	*57,706*	*53,089*	*47,249*
Community Facilities		15,627	–	14,570	5,900	2,367	2,367	3,112	2,863	2,548
Sport and Recreation Facilities		27,965	28,528	6,224	–	22,250	22,250	10,458	9,621	8,563
Community Assets		*43,592*	*28,528*	*20,794*	*5,900*	*24,617*	*24,617*	*13,570*	*12,484*	*11,111*
Heritage Assets		862	–	37,518	–	8,600	8,600	4,042	3,719	3,310
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		825	–	–	–	–	–	–	–	–
Housing		7,423	–	–	7,400	10,900	10,900	5,123	4,713	4,195
Other Assets		*8,248*	–	–	*7,400*	*10,900*	*10,900*	*5,123*	*4,713*	*4,195*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		8,762	–	–	–	45,541	45,541	282	259	231
Intangible Assets		*8,762*	–	–	–	*45,541*	*45,541*	*282*	*259*	*231*
Computer Equipment		27,439	–	393	–	4,946	4,946	2,325	2,139	1,903
Furniture and Office Equipment		–	–	21,385	–	15,144	15,144	7,118	6,548	7,941
Machinery and Equipment		–	–	37,671	–	20,635	20,635	9,698	8,922	7,941
Transport Assets		–	–	1,162	–	26,138	26,138	10,524	10,061	14,244
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	410,791	393,635	470,891	196,980	305,936	305,936	388,397	342,197	385,612
Roads Infrastructure		116,538	134,019	203,189	87,580	127,922	127,922	169,403	143,938	163,562
Storm water Infrastructure		52,713	82,956	–	–	–	–	–	–	–
Electrical Infrastructure		116,132	105,400	86,543	38,800	46,700	46,700	56,974	51,846	58,068
Water Supply Infrastructure		–	12,473	43,920	23,400	28,787	28,787	35,120	31,959	35,794
Sanitation Infrastructure		30,221	25,503	14,909	3,900	48,976	48,976	59,751	54,373	60,898
Solid Waste Infrastructure		8,858	755	9,724	4,800	4,800	4,800	5,856	5,329	5,968
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*324,463*	*361,107*	*358,285*	*158,480*	*257,184*	*257,184*	*327,104*	*287,446*	*324,290*
Community Facilities		7,614	10,990	36,584	10,100	6,369	6,369	9,771	7,071	7,920
Sport and Recreation Facilities		17,653	3,146	20,233	900	–	–	–	–	–
Community Assets		*25,267*	*14,136*	*56,817*	*11,000*	*6,369*	*6,369*	*9,771*	*7,071*	*7,920*
Heritage Assets		57,227	15,823	26,117	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	2,500	1,300	1,300	1,586	1,443	1,616
Housing		2,692	2,569	20,213	–	–	–	–	–	–
Other Assets		*2,692*	*2,569*	*20,213*	*2,500*	*1,300*	*1,300*	*1,586*	*1,443*	*1,616*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	25,000	40,932	40,932	49,937	46,237	51,786
Intangible Assets		–	–	–	*25,000*	*40,932*	*40,932*	*49,937*	*46,237*	*51,786*
Computer Equipment		1,142	–	4,882	–	–	–	–	–	–
Furniture and Office Equipment		–	–	4,577	–	–	–	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	150	150	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Upgrading of Existing Assets	6	–	–	–	98,450	177,356	177,356	67,598	70,012	83,868
Roads Infrastructure		–	–	–	46,440	114,802	114,802	48,201	50,096	63,800
Storm water Infrastructure		–	–	–	9,310	2,104	2,104	–	–	–
Electrical Infrastructure		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	30,000	50,000	50,000	4,352	6,594	4,745
Sanitation Infrastructure		–	–	–	3,900	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	4,800	–	–	8,295	6,710	7,718
Rail Infrastructure		–	–	–	4,000	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		–	–	–	*98,450*	*166,906*	*166,906*	*60,848*	*63,400*	*76,264*
Community Facilities		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	500	500	1,000	–	–
Community Assets		–	–	–	–	*500*	*500*	*1,000*	–	–
Heritage Assets		–	–	–	–	2,250	2,250	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	2,000	2,000	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	*2,000*	*2,000*	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	700	700	–	–	–
Machinery and Equipment		–	–	–	–	5,000	5,000	5,750	6,613	7,604
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Roads Infrastructure		117,145	153,602	206,324	384,112	245,473	245,473	218,897	195,223	228,420
Storm water Infrastructure		52,713	82,956	–	9,310	2,104	2,104	–	–	–
Electrical Infrastructure		136,907	123,505	134,687	71,667	133,623	133,623	97,828	89,432	91,519
Water Supply Infrastructure		5,732	12,773	51,503	107,891	85,787	85,787	42,761	41,580	43,233
Sanitation Infrastructure		32,050	41,638	15,279	48,245	75,081	75,081	72,020	65,661	70,944
Solid Waste Infrastructure		8,858	755	9,863	9,600	4,800	4,800	14,151	12,039	13,687
Rail Infrastructure		–	–	–	10,000	–	–	–	–	–
Coastal Infrastructure		–	–	–	5,800	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*353,406*	*415,230*	*417,655*	*646,624*	*546,868*	*546,868*	*445,657*	*403,935*	*447,804*
Community Facilities		23,241	10,990	51,154	16,000	8,736	8,736	12,883	9,935	10,468
Sport and Recreation Facilities		45,618	31,674	26,457	900	22,750	22,750	11,458	9,621	8,563
Community Assets		*68,859*	*42,664*	*77,611*	*16,900*	*31,486*	*31,486*	*24,341*	*19,556*	*19,031*
Heritage Assets		58,090	15,823	63,635	–	10,850	10,850	4,042	3,719	3,310
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		825	–	–	2,500	3,300	3,300	1,586	1,443	1,616
Housing		10,114	2,569	20,213	7,400	10,900	10,900	5,123	4,713	4,195
Other Assets		*10,939*	*2,569*	*20,213*	*9,900*	*14,200*	*14,200*	*6,709*	*6,156*	*5,811*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		8,762	–	–	25,000	86,473	86,473	50,219	46,497	52,017
Intangible Assets		*8,762*	–	–	*25,000*	*86,473*	*86,473*	*50,219*	*46,497*	*52,017*
Computer Equipment		28,581	–	5,275	–	4,946	4,946	2,325	2,139	1,903
Furniture and Office Equipment		–	–	25,962	–	15,844	15,844	7,118	6,548	7,941
Machinery and Equipment		–	–	37,671	–	25,635	25,635	15,448	15,535	15,545
Transport Assets		–	–	1,162	–	26,138	26,138	10,524	10,061	14,244
Libraries		–	–	–	–	150	150	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		528,636	476,286	649,185	698,424	762,591	762,591	566,382	514,145	567,606

KZN225 Msunduzi - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure		2,061,831	2,550,778	1,741,302	2,536,781	2,422,035	2,422,035	2,794,731	3,015,287	3,311,190
Storm water Infrastructure				156,435		–	–	162,997	157,018	150,740
Electrical Infrastructure		1,297,036	1,700,386	1,275,053	1,563,852	1,563,852	1,563,852	1,256,467	1,166,024	1,072,083
Water Supply Infrastructure		782,055	1,173,333	912,163	939,984	939,984	939,984	1,149,674	1,232,428	1,318,683
Sanitation Infrastructure		528,280	588,640	470,205	561,526	561,526	561,526	650,125	681,596	714,571
Solid Waste Infrastructure		515,410	579,408	15,673	152,937	152,937	152,937	35,522	42,231	49,950
Rail Infrastructure			27,837	1,408				–	–	–
Coastal Infrastructure				4,867				–	–	–
Information and Communication Infrastructure								5,580	7,110	6,601
Infrastructure		*5,184,612*	*6,620,383*	*4,577,106*	*5,755,081*	*5,640,334*	*5,640,334*	*6,055,096*	*6,301,695*	*6,623,817*
Community Facilities		393,162	462,387	294,811	766,587	881,334	881,334	19,998	20,998	22,048
Sport and Recreation Facilities				126,091				14,510	15,236	15,998
Community Assets		*393,162*	*462,387*	*420,903*	*766,587*	*881,334*	*881,334*	*34,508*	*36,234*	*38,046*
Heritage Assets								247,912	247,912	247,912
Revenue Generating		230,945	282,710	226,212	230,945	230,945	230,945	720,224	720,224	720,224
Non-revenue Generating										
Investment properties		*230,945*	*282,710*	*226,212*	*230,945*	*230,945*	*230,945*	*720,224*	*720,224*	*720,224*
Operational Buildings		1,009,017	246,995	711,539	602,937	602,937	602,937	–	–	–
Housing				271,916				334,721	374,239	379,989
Other Assets		*1,009,017*	*246,995*	*983,455*	*602,937*	*602,937*	*602,937*	*334,721*	*374,239*	*379,989*
Biological or Cultivated Assets		382,805		770	356,914	356,914	356,914			
Servitudes				804				804	804	804
Licences and Rights		17,212			48,733	48,733	48,733	25,735	–	–
Intangible Assets		*17,212*	–	*804*	*48,733*	*48,733*	*48,733*	*26,539*	*804*	*804*
Computer Equipment				49,799				1,227	5,572	13,166
Furniture and Office Equipment		44,831	75,086	56,298	46,190	46,190	46,190	16,019	156	4,654
Machinery and Equipment		257,600		1,222,451				577,334	322,875	22,340
Transport Assets				73,941				140,259	167,198	177,932
Libraries								150	150	150
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	7,520,183	7,687,562	7,611,739	7,807,386	7,807,386	7,807,386	8,153,989	8,177,058	8,229,034
EXPENDITURE OTHER ITEMS										
Depreciation	7	481,107	504,289	597,068	536,470	460,960	460,960	462,571	485,700	509,986
Repairs and Maintenance by Asset Class	3	193,317	162,844	–	277,871	173,876	173,876	212,407	222,796	250,642
Roads Infrastructure		8,642	47,029	–	41,095	25,715	25,715	–	–	–
Storm water Infrastructure		–	–	–	10,080	6,307	6,307	–	–	–
Electrical Infrastructure		50,624	50,160	–	129,210	80,852	80,852	55,411	57,075	58,785
Water Supply Infrastructure		17,375	15,460	–	17,885	11,191	11,191	8,427	8,680	10,521
Sanitation Infrastructure		5,936	6,125	–	7,833	4,901	4,901	121,923	129,139	138,000
Solid Waste Infrastructure		3,485	8,472	–	–	–	–	1,708	1,815	1,931
Rail Infrastructure		–	–	–	1,500	939	939	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		*86,063*	*127,246*	–	*207,603*	*129,906*	*129,906*	*187,469*	*196,709*	*209,237*
Community Facilities		9,446	17,218	–	19,024	11,904	11,904	4,043	4,194	4,351
Sport and Recreation Facilities		15,000	–	–	21,822	13,655	13,655	5,390	5,552	5,719
Community Assets		*24,446*	*17,218*	–	*40,846*	*25,559*	*25,559*	*9,433*	*9,746*	*10,069*
Heritage Assets		38,222	18,379	–	1,053	659	659	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		14,627	–	–	12,510	7,828	7,828	3,509	3,614	17,822
Housing		–	–	–	–	–	–	–	–	–
Other Assets		*14,627*	–	–	*12,510*	*7,828*	*7,828*	*3,509*	*3,614*	*17,822*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	7,900	4,943	4,943	–	–	–
Intangible Assets		–	–	–	*7,900*	*4,943*	*4,943*	–	–	–
Computer Equipment		–	–	–	5,280	3,304	3,304	–	–	–
Furniture and Office Equipment		–	–	–	483	302	302	–	–	–
Machinery and Equipment		11,658	–	–	953	596	596	1,061	1,026	1,074
Transport Assets		18,301	–	–	1,242	777	777	10,935	11,701	12,439
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		674,424	667,133	597,068	814,340	634,835	634,835	674,978	708,495	760,628
Renewal and upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Renewal and upgrading of Existing Assets as % of deprecn		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
R&M as a % of PPE		*2.7%*	*2.4%*	*0.0%*	*3.9%*	*2.4%*	*2.4%*	*2.8%*	*3.0%*	*3.3%*
Renewal and upgrading and R&M as a % of PPE		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

KZN225 Msunduzi - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		80,873	81,128	81,490	83,120	83,120	83,120	84,782	86,478	90,207
Piped water inside yard (but not in dwelling)		63,301	63,899	63,899	65,177	65,177	65,177	67,481	69,310	69,166
Using public tap (at least min.service level)	2	3,116	4,710	6,396	6,524	6,524	6,524	6,654	6,787	6,923
Other water supply (at least min.service level)	4	6,352	4,758	3,072	3,133	3,133	3,133	3,196	3,260	3,325
Minimum Service Level and Above sub-total		153,642	154,495	154,857	157,954	157,954	157,954	162,113	165,835	169,622
Using public tap (< min.service level)	3	6,396	6,396	6,396	6,524	6,524	6,524	6,654	6,787	6,923
Other water supply (< min.service level)	4	3,955	2,740	2,740	2,795	2,795	2,795	1,851	1,408	966
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		10,351	9,136	9,136	9,319	9,319	9,319	8,505	8,195	7,889
Total number of households	5	163,993	163,631	163,993	167,273	167,273	167,273	170,618	174,031	177,511
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		84,973	85,096	85,149	86,852	86,852	86,852	91,589	96,761	101,168
Flush toilet (with septic tank)		8,372	8,372	8,319	8,485	8,485	8,485	8,655	8,828	9,005
Chemical toilet		7,076	7,076	7,076	7,218	7,218	7,218	7,362	7,509	7,659
Pit toilet (ventilated)		58,695	58,695	59,427	62,616	62,616	62,616	61,828	60,064	59,326
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		159,116	159,239	159,971	165,170	165,170	165,170	169,434	173,163	177,158
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		4,877	4,754	4,022	2,102	2,102	2,102	1,184	868	354
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		4,877	4,754	4,022	2,102	2,102	2,102	1,184	868	354
Total number of households	5	163,993	163,993	163,993	167,273	167,273	167,273	170,618	174,031	177,511
Energy:										
Electricity (at least min.service level)		127,123	126,487	123,471	130,462	130,462	130,462	135,271	140,137	145,060
Electricity - prepaid (min.service level)		24,203	24,839	26,285	26,811	26,811	26,811	27,347	27,894	28,452
Minimum Service Level and Above sub-total		151,326	151,326	149,756	157,273	157,273	157,273	162,618	168,031	173,511
Electricity (< min.service level)		–	–	1,570	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		12,667	12,667	12,667	10,000	10,000	10,000	8,000	6,000	4,000
Below Minimum Service Level sub-total		12,667	12,667	14,237	10,000	10,000	10,000	8,000	6,000	4,000
Total number of households	5	163,993	163,993	163,993	167,273	167,273	167,273	170,618	174,031	177,511
Refuse:										
Removed at least once a week		120,000	120,000	120,000	122,400	122,400	122,400	129,848	137,345	148,559
Minimum Service Level and Above sub-total		120,000	120,000	120,000	122,400	122,400	122,400	129,848	137,345	148,559
Removed less frequently than once a week		43,993	43,993	43,993	44,873	44,873	44,873	40,770	36,686	28,952
Using communal refuse dump		–	–	–	–	–	–	–	–	–
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		43,993	43,993	43,993	44,873	44,873	44,873	40,770	36,686	28,952
Total number of households	5	163,993	163,993	163,993	167,273	167,273	167,273	170,618	174,031	177,511
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		25,099	23,884	23,884	29,536	29,536	29,536	39,476	43,587	48,550
Sanitation (free minimum level service)		25,099	23,884	23,884	29,536	29,536	29,536	39,476	43,587	48,550
Electricity/other energy (50kwh per household per month)		2,800	2,800	2,800	3,080	3,080	3,080	3,265	3,461	3,668
Refuse (removed at least once a week)		5,182	5,182	5,182	5,959	5,959	5,959	6,078	6,200	6,324
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		124,318	132,821	141,906	151,612	151,612	151,612	150,960	172,547	197,222
Sanitation (free sanitation service to indigent households)		8,652	9,243	9,876	5,551	10,551	10,551	11,184	11,855	12,567
Electricity/other energy (50kwh per indigent household per month)		1,410	1,506	1,610	1,720	1,720	1,720	1,837	1,963	2,097
Refuse (removed once a week for indigent households)		4,625	4,942	5,280	3,474	5,641	5,641	5,979	6,338	6,718
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		139,005	148,512	158,671	162,357	169,524	169,524	169,961	192,704	218,604
Highest level of free service provided per household										
Property rates (R value threshold)		150,000	150,000	150,000	100,000	100,000	100,000	100,000	120,000	120,000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		115	122	136	145	145	145	153	163	172
Electricity (kwh per household per month)		70	70	70	70	70	70	70	70	70
Refuse (average litres per week)		200	200	200	200	200	200	200	200	200
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)		15	15	15	15	15	15	15	15	15
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		355,321	371,029	393,080	416,680	416,680	416,680	441,681	468,182	496,273
Water (in excess of 6 kilolitres per indigent household per month)		–	–	–	–	–	–	–	–	–
Sanitation (in excess of free sanitation service to indigent households)		–	–	–	–	–	–	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)		564	603	644	688	688	688	735	785	839
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	6	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided		355,900	371,646	393,739	417,383	417,383	417,383	442,431	468,982	497,127

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aims of the Budget Steering Committee are to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2017) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 25 August 2018. Key dates applicable to the process were:

- **30 August 2018** Annual Performance Report submitted to Auditor-General as per S46 MSA
- **10 October 2018** the first sitting of the IDP representative forum
- **02 to 30 November 2018** Zonal IDP/ Budget Izimbizo convened by the Mayor
- **20 to 24 January 2018** conducted public hearings on proposed rates and tariffs for 2018/19 budget year

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2.1.2 IDP and Service Delivery and Budget Implementation Plan

The City's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2018/19 MTREF, based on the approved 2017/18 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/19 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2017/18 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2018/19 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/19 MTREF:

- City growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2015/16 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51, 54, 59,66,67,70 and 74 have been taken into consideration in the planning and prioritisation process.

2.1.4 Community Consultation

Ward Committees were utilised to facilitate the community consultation process which included open public briefing sessions. The applicable dates and venues were published in all the local newspapers. Sessions were scheduled with organised business and imbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the submission to EXCO for finalisation of the 2018/19 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The City is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;

2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the

municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Spatial Planning and Land Use Management Act (SPLUMA);
- Provincial Growth and Development Strategy (PGDS);
- State of the Province address 2015
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;

- National Key Performance Indicators (NKPIs);
- National Development Plan (Vision 2030)
- The National 14 Government Outcomes
- State of National Address 2017

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's strategic Goals for the 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

IDP Strategic Goals

a) A well-serviced city;
b) An accessible, connected city;
c) A clean, green city;
d) A friendly, safe city, and
e) An economically prosperous city.
f) A financially viable and well-governed city

In order to ensure integrated and focused service delivery between all spheres of government it was important for the City to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the six strategic goals:

1. Basic Service Delivery:
 - Provide electricity;

- Provide water;
- Provide sanitation;
- Provide waste removal;
- Provide housing;
- Provide roads and storm water;
- Provide public transport;
- Provide city planning services; and
- Maintaining the infrastructure of the City.

2. Local Economic Development:
 - Ensuring the is a clear structural plan for the City;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.

3. Cross cutting issues:
 - Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective city cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring save working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.

4. Good Governance and Public Participation:
 - Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme

- Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
- Implementing Batho Pele in the revenue management strategy.

4. Financial Viability and Financial Management:
 - Publishing the outcomes of all tender processes on the municipal website
 - Ensure financial sustainability through:
 - Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

5. Municipal Transformation and Organisational Development:
 - Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City. The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the six the strategic goals mentioned above.

In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated sectoral plans and strategies, and the allocation of resources of the City and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into eight strategic focus areas/objectives as outlined below:

- Building a Capable and developmental Municipality
- Back-to-Basics: cleaning, Repairing , enforcing and Responding

- Improved Infrastructure Efficiency-Planning, Budgeting, Spending, Implementing, Maintaining
- Financial Sustainability
- Growing the Regional Economy
- Serving as a Provincial Capital
- Creating a Learning City and City of Learning
- Spatial Effectiveness and Justice: Increasing Densities and Improving Mobility

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- Strengthening the analysis and strategic planning processes of the City;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2018/19 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 16 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN225 Msunduzi - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Viability and Management	Financially viable and well governed City			1,205,095	1,205,095	1,357,043	1,475,047	1,475,048	1,475,048	1,357,043	1,519,298	1,563,550
Basic Service Delivery	Improved the state of municipal infrastructure			2,602,248	2,717,168	2,666,687	3,414,411	3,225,026	3,225,026	3,567,433	3,681,805	4,069,153
Local Economic Development	An economically prosperous city			23,573	10,573	30,873	32,159	32,159	32,159	29,586	33,124	34,088
Good governance and Public Participation	To develop strong welcoming, caring & diverse communities living in a variety of friendly.			283,996	224,518	401,020	348,714	348,714	348,714	320,847	359,207	369,677
Gross Cutting Issues	Reduce housing backlogs and eliminate spatial separation by racial categories.			66,157	81,806	73,622	77,497	77,497	77,497	71,297	79,822	82,147
Municipal Transformation and Institutional Development	Improved customer experience & public participation			326	46,157	47,293	50,312	50,312	50,312	90,171	89,242	99,263
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	4,181,395	4,285,317	4,576,538	5,398,140	5,208,756	5,208,756	5,436,379	5,762,499	6,217,878

Table 17 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

KZN225 Msunduzi - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Viability and Management	Financially viable and well governed City			343,629	539,004	517,541	539,106	539,106	539,106	549,888	593,016	641,536
Basic Service Delivery	Improved the state of municipal infrastructure			949,280	879,931	865,004	982,959	832,937	832,937	914,700	910,266	943,601
Local Economic Development	An economically prosperous city			381,841	318,425	580,774	516,243	516,243	516,243	526,568	567,867	614,329
Good governance and Public Participation	To develop strong welcoming, caring & diverse communities living in a variety of friendly.			138,996	181,168	502,526	139,142	139,142	139,142	142,009	152,983	165,327
Gross Cutting Issues	Reduce housing backlogs and eliminate spatial separation by racial categories.			2,310,161	2,302,804	2,333,470	2,713,337	2,713,337	2,713,337	2,781,421	2,979,035	3,213,576
Municipal Transformation and Institutional Development	Improved customer experience & public participation			9,238	11,521	13,623	14,045	14,045	14,045	14,325	15,449	16,713
Allocations to other priorities												
Total Expenditure			1	4,133,146	4,232,853	4,812,938	4,904,831	4,754,809	4,754,809	4,928,912	5,218,616	5,595,082

Table 18 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

KZN225 Msunduzi - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Viability and Management	Financially viable and well governed City	A		53,741	74,980	94,950	100,306	100,306	100,306	76,232	70,134	61,718
Basic Service Delivery	Improved the state of municipal infrastructure	B		365,130	85,330	154,104	172,241	236,408	236,408	166,483	153,165	134,785
Local Economic Development	An economically prosperous city	C		89,062	57,570	72,903	90,845	90,845	90,845	69,042	63,519	164,959
Good governance and Public Participation	To develop strong welcoming, caring & diverse communities living in a variety of friendly.	D		9,983	–	–	19,313	19,313	19,313	14,678	13,504	11,883
Gross Cutting Issues	Reduce housing backlogs and eliminate spatial separation by racial categories.	E		3,925	183,426	232,279	232,367	232,367	232,367	181,599	155,545	142,975
Municipal Transformation and Institutional Development	Improved customer experience & public participation	F		6,795	74,980	94,950	83,352	83,352	83,352	63,347	58,280	51,286
Allocations to other priorities			3									
Total Capital Expenditure			1	528,636	476,286	649,185	698,424	762,591	762,591	571,382	514,145	567,606

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues

through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

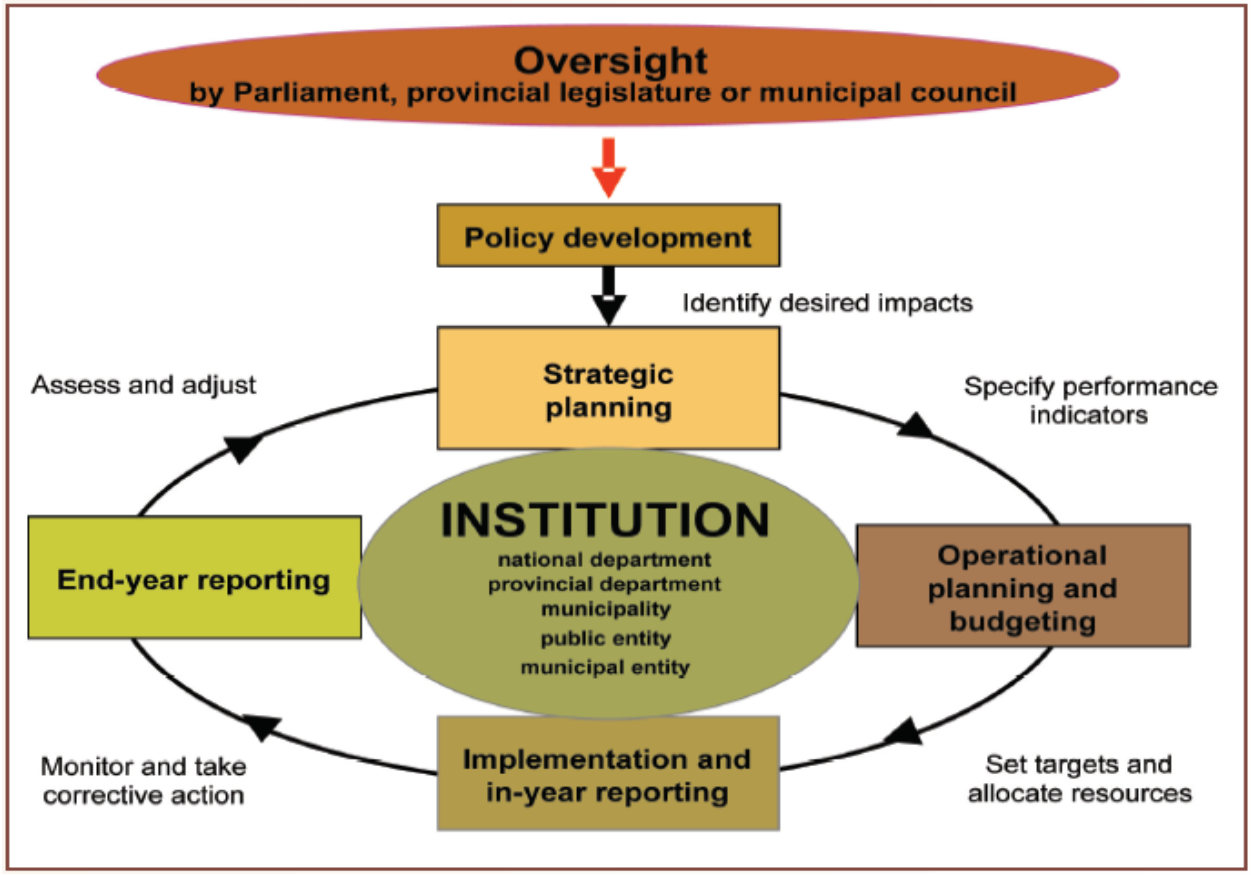


Figure 3 Planning, budgeting and reporting cycle

The performance of the City relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and

- Improvement (making changes where necessary).

The performance information concepts used by the City in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

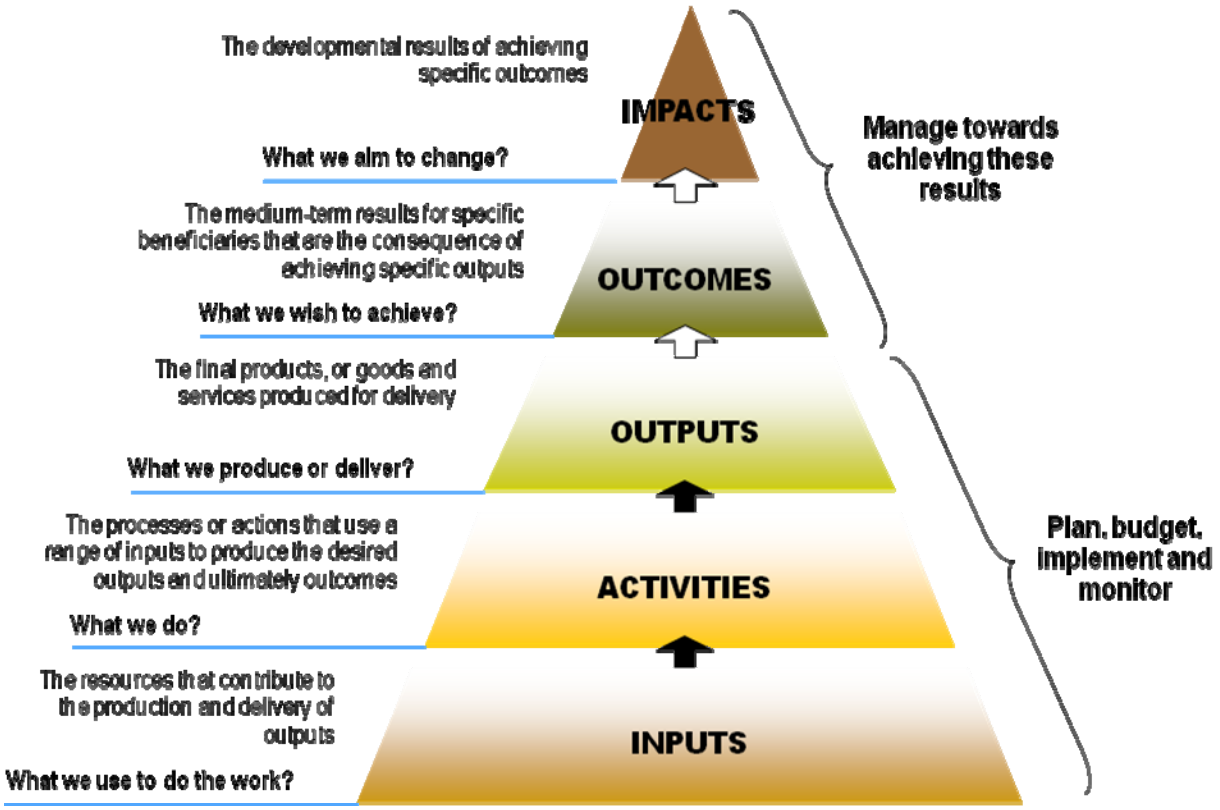


Table 19 MBRR Table SA7 - Measurable performance objectives

KZN225 Msunduzi - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Vote 1 - Sustanable development										
Sub-function 1 - (Human settlement)										
MIG - JIKA JOE CRU	No of houses							7,245,000	7,607,250	1,500,000
Sub-function 2 - (Town planning)										
NDPG:EDENDALE TOWN CENTRE:	No of km							20,700,387	-	0
Sub-function 3 - (Human settlement)										
MIG - UNIT S PHASE 8 EXTENSION	No of houses							10,172,973	10,781,621	11,952,280
Sub-function 1 - (Water)										
WSIG:ZA:REDUCTION OF NON REVENUE	killolitres							10,000,000	10,000,000	12,000,000
Sub-function 2 - (Water)										
WSIG:ZA:BASIC WATER SUPPLY	No of meters of water							30,000,000	31,000,000	31,255,000
Sub-function 3 - (Sanitation)										
MIG - ELIMINATION OF CONSERVANCY	Percentage Complete							10,500,250	11,125,263	12,000,000
Sub-function 1 - (Road)										
MIG - UPGRADING OF GRAVEL ROADS -	No of KM of Road							10,043,413	10,645,584	14,000,000
Sub-function 2 - (Road)										
MIG - UPGRADING OF GRAVEL ROADS -	No of KM of Road							1,365,000	1,433,250	1,200,000
Sub-function 3 - (Road)										
MIG - UPGRADING OF GRAVEL ROADS -	No of KM of Road							2,100,000	2,205,000	2,000,000
Sub-function 1 - (Road)										
MIG - UPGRADING OF GRAVEL ROADS -	No of KM of Road							2,100,000	2,205,000	6,000,000
Sub-function 2 - (name)										
MIG - MABANE BRIDGE PROJECT	No of KM of Road							3,045,000	3,197,250	5,000,000
Sub-function 3 - (Road)										
MIG - WOODHOUSE PEDESTRIAN BRIDGE	No of KM of Road							2,877,000	3,020,850	
Vote 3 - Electricity										
Function 1 - (Electricity)										
Sub-function 1 - (name)										
MIG - HIGH MAST LIGHTS IN VULINDLELA &	Km of new line							10,600,000	11,230,000	12,000,000
And so on for the rest of the Votes										

The following table sets out the municipalities main performance objectives and benchmarks for the 2016/17 MTREF.

Table 20 MBRR Table SA8 - Performance indicators and benchmarks

KZN225 Msunduzi - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.4%	0.8%	1.9%	2.9%	2.9%	2.9%	2.9%	2.7%	2.5%	2.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.5%	0.9%	2.5%	3.3%	3.2%	3.2%	3.2%	3.1%	2.7%	2.3%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	210.7%	203.6%	181.7%	282.9%	282.9%	282.9%	282.9%	228.5%	173.0%	120.0%
Liquidity											
Current Ratio	Current assets/current liabilities	2.2	2.2	1.8	2.1	5.3	5.3	5.3	5.4	6.3	7.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.2	2.2	1.8	2.1	5.3	5.3	5.3	5.4	6.3	7.2
Liquidity Ratio	Monetary Assets/Current Liabilities	0.9	0.9	0.6	0.8	1.3	1.3	1.3	1.5	2.0	2.5
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		87.1%	86.2%	86.2%	90.6%	90.0%	90.0%	90.0%	90.0%	90.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		87.1%	86.2%	86.2%	90.6%	90.0%	90.0%	90.0%	90.0%	90.0%	90.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	28.6%	31.7%	26.9%	32.7%	33.7%	33.7%	33.7%	37.7%	41.1%	44.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA' s 65(e))										
Creditors to Cash and Investments		10043.3%	56.7%	112.1%	120.6%	34.0%	34.0%	34.0%	41.2%	31.3%	25.0%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	23.1%	23.9%	24.0%	23.3%	24.3%	24.3%	24.3%	25.3%	25.5%	25.5%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	24.3%	25.2%	25.1%	24.5%	25.5%	25.5%		25.3%	25.5%	25.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5.1%	4.1%	0.0%	5.6%	3.6%	3.6%		4.2%	4.2%	4.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	14.5%	14.6%	16.1%	12.1%	10.8%	10.8%	10.8%	10.3%	10.0%	9.6%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	31.0	20.1	19.6	20.4	20.4	20.4	18.2	18.2	19.1	20.6
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	37.2%	38.9%	33.2%	41.3%	42.8%	42.8%	42.8%	47.7%	51.6%	55.2%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.0	3.3	2.1	2.2	1.7	1.7	1.7	2.1	2.8	3.4

2.3.1 Performance indicators and benchmarks

2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Batho Pele City's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2018/19 MTREF:

- *Borrowing to asset ratio* is a measure of the long-term borrowing as a percentage of the total asset base of the municipality. While this ratio is decreasing over the MTREF from 0.76 per cent to 0.72 per cent in 2019/20, it needs to be noted that the increased capital grants and transfers has contributed to the decrease and must not be considered a measure on borrowing capacity in isolation of other ratios and measures.

- *Capital charges to operating expenditure* are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has remained steady from between 3.3 per cent in 2013/14 to 2.9 per cent in 2018/19. This increase can be attributed to the raising of loans to fund portions of the capital programme. It is estimated that the cost of borrowing as a percentage of the operating expenditure will remain around 3.0 per cent in 2018/19 and will then decrease to 2.4 per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward.

- About R42 million worth of capital projects are loan funded projects in the 2018/19 budget year.

2.3.1.2 Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the non-current borrowings as a percentage of funds and reserves. This ration increased over the past few years due the approval of the R250 million DBSA loan facility for the refurbishment of electricity projects. This ratio decreases in the medium term as the municipality repays its debts and improves on its equity as contributions to the reserves increase.

- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves. Between 2012/13 and 2014/15 the gearing ratio peaked at 1084.8 per cent. This was primarily a result of the increased borrowing levels and decreasing funds and reserves. While the gearing ratio decreases to 231.4 per cent in the 2015/16 financial year, it however increases to 940.1 in the 2018/19 MTREF.

2.3.1.3 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. Currently the current ratio is 1.9 and in the 2017/18 financial year and for the two outer years of the MTREF is 2,3, 3,3 and 5,3 respectively. Going forward it will be necessary to maintain these levels.

- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2015/16 financial year the ratio was 1,9 and as part of the financial planning strategy it has been increased in that for the MTREF the ratio is projected to even improve reasonable

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

2.3.1.5 Creditors Management

- The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the City, which is expected to benefit the City in the form of more competitive pricing of tenders, as suppliers compete for the City's business.

2.3.1.6 Other Indicators

- The electricity distribution losses have been managed downwards from 12 per cent in the 2018/19 financial year to 11 per cent over the MTREF. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.

- The water distribution losses have been significantly constant at 33.0 per cent in 2013/14 and 2015/16. The acceptable norm is 20.0 per cent.

- Employee costs as a percentage of operating revenue continues to decrease over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels.

- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the City's strategy to ensure the management of its asset base.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. With the exception of water, only registered indigents qualify for the free basic services.

For the 2018/19 financial year the registered indigents have been provided for in the budget In terms of the Municipality's indigent policy indigent households are entitled to 6kℓ fee water, 70 kwh of electricity, sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 24 MBRR A10 (Basic Service Delivery Measurement) on page 41.

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The City is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. All of the City's bulk water needs are provided directly by Umgeni Water in the form of purified water.

The following is briefly the main challenges facing the City in this regard:

- The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard.
-

2.4 Overview of budget related-policies

The City's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.4.1 Review of credit control and debt collection procedures/policies

The Credit control and debt Collection Policy was approved by Council in 30 May 2014 and is reviewed every year. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money, there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also

seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2018/19 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 90 per cent on current billings. In addition the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the City's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.4.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the City's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.4.3 Budget Policy

The changes to the Budget policy are mainly to ensure effective budgeting in terms of chapter 4 of the MFMA to a large extent.

2.4.4 Supply Chain Management Policy

The above policy incorporates the recent changes regarding procurement procedures

2.4.5 Virement Policy

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the City's system of delegations. The Virement Policy was approved by Council.

2.4.6 Cash Management and Investment Policy

The City's Cash Management and Investment Policy was approved by Council. The aim of the policy is to ensure that the City's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.4.7 Tariff Policy

The changes to the tariff policy specify the change in terminology of the indigent tariff. The policy has been amended to apply the indigent tariffs as specified in the tariff register whereas previously this was referred to as a lifeline tariff.

2.4.8 Funding & reserves policy

Basically this policy is meant to guide the use reserves and other funding that may become available. This policy is necessary since R125 millions of our capital budget will be funded from municipal own sources of income.

2.4.9 Indigent policy

The changes to the Indigent Policy are in terms of National Treasury recommendations and major feature of the policy is the re-introduction of automatic indigent and related controls. The lifeline relief in terms of water 6kl is the acceptable level nationally and that declared indigent should have 20amps in terms electricity supply.

2.4.10 Rates policy

The changes to the Rates policy are in terms of the Municipal Property Rates Act and accommodate the introduction of a rebate for developers and child headed households as outlined in the tariff register. The new valuation roll and supplementary roll are included.

2.4.11 Insurance policy

Mainly addresses issues to be considered when handling municipal insurance

2.4.12 Grants policy

Mainly treatment and disclosure of grant funding on municipal books

2.4.13 Borrowing policy

Emphasise importance of compliance with MFMA when borrowing has to take place.

2.5 Overview of budget assumptions

2.5.1 External factors

During the preparation of our tariffs which is informed by national norms and standards and our utility prices for electricity and water are always dictated by NERSA and Umgeni Water Board. The municipality's tariff escalation for Electricity and Water for financial year 2018/19 is in line with the recommendations NERSA and Umgeni and the reason for not adding the municipal mark-up is to mitigate the negative impact in the lives of the poor and meet our community half-way.

I therefore confidently can state that in our budget preparation the plight of poor of the poor has been our primary consideration.

2.5.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2018/19 MTREF:

- National Government macro-economic targets;

- The general inflationary outlook and the impact on City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 24 per cent of total operating expenditure in the 2018/19 MTREF.

2.5.3 Credit rating outlook

Table 21 Credit rating outlook remove this table and not replace

			145	
Short term	Rand	A2	Annually	A3

The rating definitions are:

- Short term : Prime – 1
 Short-Term Debt Ratings (maturities of less than one year)
 Prime-1 (highest quality)
- Long-term : Aa3
 Defined as high-grade. "Aa" rated are judged to be of high quality and are subject to very low credit risk.

2.5.4 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2018/19 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments.

2.5.5 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (90 per cent) of annual billings. Cash flow is assumed to be 90 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

2.5.6 Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors collection rate, tariff/rate pricing, real growth rate of the City, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

2.5.7 Salary increases

A salary increase of 7.5% has been provided for.

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

2.5.9 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 100 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2018/19 MTREF of which performance has been factored into the cash flow budget.

2.6 Overview of budget funding

2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 22 Breakdown of the operating revenue over the medium-term

KZN225 Msunduzi - Table A1 Budget Summary

Description	2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance			
Property rates	900,837	954,887	1,012,180
Service charges	3,024,881	3,267,408	3,531,327
Investment revenue	39,956	41,959	44,062
Transfers recognised - operational	672,679	691,597	745,450
Other own revenue	393,684	412,503	437,253
Total Revenue (excluding capital transfers and contributions)	5,032,038	5,368,354	5,770,272

The following graph is a breakdown of the operational revenue per main category for the 2018/19 financial year.

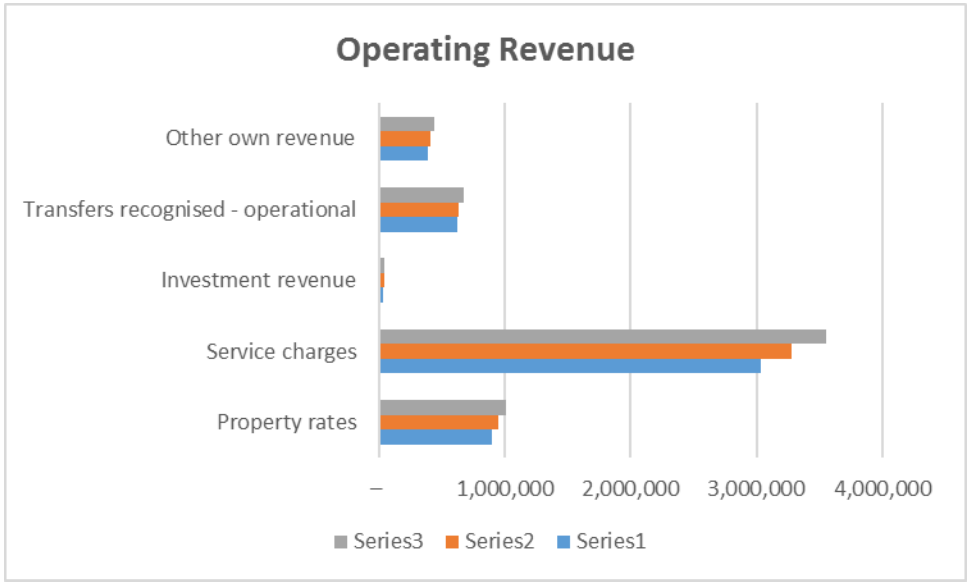


Figure 4 Breakdown of operating revenue over the 2018/19 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The City derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the city and economic development;
- Revenue management and enhancement;
- Achievement of a 90 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;

- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2018/19 MTREF on the different revenue categories are:

Table 23 Analysis of estimated revenue projections

KZN225 Msunduzi - Table A4 Budgeted Financial Performance (revenue and expenditure)

R thousand	Budget Year 2017/18		Budget Year 2018/19		Budget Year +1 2019/20		Budget Year +2 2020/21
Revenue By Source							
Property rates	849,846	6	900,837	6	954,887	6	1,012,180
Service charges - electricity revenue	2,038,443	7	2,177,873	7	2,326,839	7	2,485,995
Service charges - water revenue	612,836	(1)	603,661	13	682,619	13	771,906
Service charges - sanitation revenue	129,313	6	137,072	6	145,296	6	154,014
Service charges - refuse revenue	100,260	6	106,276	6	112,653	6	119,412
Service charges - other							
Rental of facilities and equipment	24,382	44	35,220	3	36,240	6	38,415
Interest earned - external investments	37,968	5	39,866	5	41,860	5	43,953
Interest earned - outstanding debtors	111,190	6	118,141	6	125,197	6	132,709
Dividends received							
Fines, penalties and forfeits	70,867	6	75,203	6	79,705	6	84,488
Licences and permits	5,766	(98)	100	6	106	6	112
Agency services	713	(100)					
Transfers and subsidies	619,577	9	672,679	3	691,597	8	745,450
Other revenue	196,172	(16)	165,019	4	171,254	6	181,529
Gains on disposal of PPE							
Total Revenue (excluding capital transfers and contributions)	4,797,333	5	5,031,948	7	5,368,255	7	5,770,163

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the City. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2017/18 financial year, revenue from rates and services charges totalled to R3.730 billion or 78 per cent. This increased to R3.925 billion, R4.222 billion and R4.543 billion for 2018/19, 2019/20 and 2020/21 respectively. A notable trend is the increase in the total percentage revenue generated from rates and services charges. This growth can be mainly attributed to the increased sale of electricity which contributes to the total revenue mix, which in turn is due to an increase in the Eskom and uMgeni tariffs for water and electricity. The table above excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

Property rates are the second largest revenue source totalling 17.3 per cent or R900.8 million. Other revenue consists of various items such as fines, licences and permits, agency services, sale of produce, training recoveries, landing fees, passenger levy etc.

Operating grants and transfers totals R672.7 million in the 2018/19 financial year and steadily increases to R691.6 million by 2018/19, R745.5 million by 2019/20.

Investment revenue contributes marginally to the revenue base of the City with a budget allocation of R40 million, R42 million and R44 million for the respective three financial years of the 2018/19 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 24 MBRR SA15 – Detail Investment Information

KZN225 Msunduzi - Supporting Table SA15 Investment particulars by type									
Investment type	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank	753,594	888,438	670,852	930,741	450,412	450,412	639,427	931,692	1,268,155
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	753,594	888,438	670,852	930,741	450,412	450,412	639,427	931,692	1,268,155
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits									
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	–	–	–	–	–	–	–	–	–
Consolidated total:	753,594	888,438	670,852	930,741	450,412	450,412	639,427	931,692	1,268,155

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted surplus of R103.1 million, R149.7 million and R175.1 million in each of the financial years.

2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2018/19 medium-term capital programme:

Table 25 Sources of capital revenue over the MTREF

KZN225 Msunduzi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funded by:											
National Government		299,283	270,402	411,530	447,390	364,192	364,192	364,192	404,341	394,145	447,606
Provincial Government		57,176	28,696	24,611	12,867	47,717	47,717	47,717			
District Municipality				–							
Other transfers and grants			4,386	–							
Transfers recognised - capital	4	356,459	303,484	436,141	460,257	411,909	411,909	411,909	404,341	394,145	447,606
Public contributions & donations	5			–							
Borrowing	6	100,000	62,181	40,245	38,800	88,800	88,800	88,800	42,041		
Internally generated funds		72,177	110,621	172,798	199,367	261,882	261,882	261,882	125,000	120,000	120,000
Total Capital Funding	7	528,636	476,286	649,185	698,424	762,591	762,591	762,591	571,382	514,145	567,606

The above table is graphically represented as follows for the 2018/19 financial year

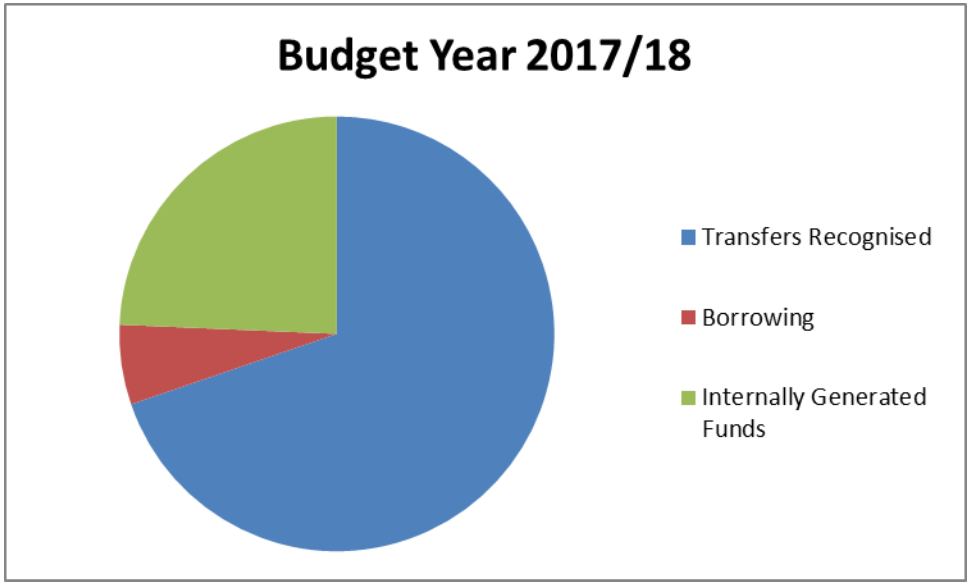


Figure 5 Sources of capital revenue for the 2018/19 financial year

Capital grants and receipts equates to 71 per cent of the total funding source which represents R404.3 million for the 2018/19 financial year and shows a decrease to R394.1 million by 2019/20.

Borrowings amounting to R42 million will also be utilised to fund the capital budget

An amount of R125 million has been set aside for internal funding.

Details of borrowings

Table 26 MBRR Table SA 17 - Detail of borrowings

KZN225 Msunduzi - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Parent municipality									
Annuity and Bullet Loans	543,401	571,250	535,739	432,631	432,631	432,631	349,414	264,479	183,506
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Municipality sub-total	543,401	571,250	535,739	432,631	432,631	432,631	349,414	264,479	183,506
Entities									
Annuity and Bullet Loans									
Long-Term Loans (non-annuity)									
Local registered stock									
Instalment Credit									
Financial Leases									
PPP liabilities									
Finance Granted By Cap Equipment Supplier									
Marketable Bonds									
Non-Marketable Bonds									
Bankers Acceptances									
Financial derivatives									
Other Securities									
Entities sub-total	–	–	–	–	–	–	–	–	–
Total Borrowing	543,401	571,250	535,739	432,631	432,631	432,631	349,414	264,479	183,506

Table 27 MBRR Table SA 18 - Capital transfers and grant receipts

KZN225 Msunduzi - Supporting Table SA18 Transfers and grant receipts

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Transfers and Grants									
National Government:	299,283	270,402	411,530	447,390	447,390	447,390	404,344	394,145	447,606
Municipal Infrastructure Grant (MIG)	157,065	182,668	174,517	180,188	180,188	180,188	171,653	175,444	188,671
Public Transport and Systems	20,634	18,140	184,923	189,012	189,012	189,012	150,331	152,056	162,470
Neighbourhood Development Partnership	20,195	10,231	1,955	40,000	40,000	40,000	42,360	25,645	53,210
Dept of Mineral/Electricty	9,188								
Intergrated National Electrification Porgramme	82,151	8,771	4,115						
Municipal Systems Improvement									
Municipal Water Infrastructure Grant	417	415	38,021	38,191	38,191	38,191	40,000	41,000	43,255
Energy Efficiency and Demand Manaagement	9,631	50,176	8,000						
Provincial Government:	57,176	28,696	24,611	12,867	12,867	12,867	–	–	–
Airport Development Project	–	10,986	1,467						
Sport and Recreation	80								
KZNPA	5,182	1,004							
Arts and Culture-Museum Subsidies	8,865	3,635	8,598	5,467	5,467	5,467			
COGTA	18,016	2,466		1,000	1,000	1,000			
Human Settlement	25,032	10,605	14,546	6,400	6,400	6,400			
Total Capital Transfers and Grants	356,459	303,484	436,141	460,257	460,257	460,257	404,344	394,145	447,606

2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;

- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 28 MBRR Table A7 - Budget cash flow statement

KZN225 Msunduzi - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		644,943	667,847	716,290	764,862	764,862	764,862	764,862	810,753	859,398	910,962
Service charges		1,893,491	2,109,869	2,159,082	2,738,114	2,592,767	2,592,767	2,592,767	2,722,393	2,940,667	3,178,194
Other revenue		405,695	486,708	111,605	325,510	268,109	268,109	268,109	247,998	258,586	274,101
Government - operating	1	519,604	466,156	497,277	542,411	575,157	575,157	575,157	672,679	691,597	745,450
Government - capital	1	356,459	303,484	436,141	456,612	360,589	360,589	360,589	404,341	394,145	447,606
Interest		120,556	148,884	151,011	106,879	134,307	134,307	134,307	146,284	154,636	163,500
Dividends					–	–	–	–	–	–	–
Payments											
Suppliers and employees		(3,372,401)	(3,543,100)	(3,627,156)	(4,033,513)	(3,924,010)	(3,924,010)	(3,924,010)	(4,063,723)	(4,320,873)	(4,655,913)
Finance charges		(71,169)	(75,072)	(68,463)	(62,129)	(56,232)	(56,232)	(56,232)	(50,688)	(43,287)	(37,003)
Transfers and Grants	1	(238)	–						(45,328)	(47,976)	(49,763)
NET CASH FROM/(USED) OPERATING ACTIVITIES		496,939	564,777	375,788	838,747	715,549	715,549	715,549	844,710	886,893	977,135
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		421							–	–	–
Decrease (Increase) in non-current debtors									–	–	–
Decrease (increase) other non-current receivables									–	–	–
Decrease (increase) in non-current investments		(2,125)							–	–	–
Payments											
Capital assets		(545,182)	(476,769)	(651,395)	(698,424)	(762,591)	(762,591)	(762,591)	(571,382)	(517,145)	(567,606)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(546,886)	(476,769)	(651,395)	(698,424)	(762,591)	(762,591)	(762,591)	(571,382)	(517,145)	(567,606)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									–	–	–
Borrowing long term/refinancing									–	–	–
Increase (decrease) in consumer deposits		1,921	6,486	7,865					6,903	7,451	7,908
Payments											
Repayment of borrowing		53,739	42,389	(23,861)	(79,368)	(79,368)	(79,368)	(79,368)	(83,375)	(84,935)	(80,974)
NET CASH FROM/(USED) FINANCING ACTIVITIES		55,661	48,875	(15,995)	(79,368)	(79,368)	(79,368)	(79,368)	(76,471)	(77,483)	(73,066)
NET INCREASE/ (DECREASE) IN CASH HELD		5,714	136,883	(291,602)	60,955	(126,410)	(126,410)	(126,410)	196,856	292,265	336,463
Cash/cash equivalents at the year begin:	2		832,933	969,624	677,947	677,947	677,947	677,947	542,571	739,427	1,031,692
Cash/cash equivalents at the year end:	2	5,714	969,816	678,021	738,902	551,537	551,537	551,537	739,427	1,031,692	1,368,155

The above table shows that cash and cash equivalents of the City has decreased between the 2015/16 and 2016/17 financial year moving from a positive cash balance of R969.6 million to R677.9 billion. It is projected that cash and cash equivalents on hand will increase to R739.4 million by the financial year end. For the 2018/19 MTREF the budget has been prepared to ensure high levels of cash backed reserves/accumulated surplus.

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 29 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN225 Msunduzi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	5,714	969,816	678,021	738,902	551,537	551,537	551,537	739,427	1,031,692	1,368,155
Other current investments > 90 days		843,374	1,245	1,154	291,925	(1,039)	(1,039)	(1,039)	896	896	896
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		849,088	971,061	679,175	1,030,827	550,498	550,498	550,498	740,323	1,032,588	1,369,051
Application of cash and investments											
Unspent conditional transfers		134,857	253,356	80,276	276,042	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2										
Other working capital requirements	3	(421,137)	(637,754)	(160,942)	(548,443)	(1,227,395)	(1,227,395)	(1,227,395)	(1,357,236)	(1,608,233)	(1,881,324)
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5				152,914	152,914	152,914	152,914	100,000	100,000	100,000
Total Application of cash and investments:		(286,281)	(384,398)	(80,666)	(119,487)	(1,074,481)	(1,074,481)	(1,074,481)	(1,257,236)	(1,508,233)	(1,781,324)
Surplus(shortfall)		1,135,369	1,355,459	759,841	1,150,314	1,624,979	1,624,979	1,624,979	1,997,559	2,540,821	3,150,375

From the above table it can be seen that the cash and investments available total to R739.4 million in the 2018/19 financial year and will increase to R1.3 billion in 2020/21, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business, but this practice has been discontinued. During the 2017/18 financial year the municipality was required to supply National Treasury with a detailed analysis of the unspent grants as well as an action plan of spending the grants. For the 2018/19 financial year no provision has been made for this liability as the total unspent conditional grant liability has been factored into the 2018/19 capital programme of the City. The City has received the necessary roll-over approval from the National Treasury as the funding appropriation relating to the unspent conditional grants could be motivated as part of existing projects.

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, Any underperformance in relation to collections could place upward pressure on the ability of the City to meet its creditor obligations.

It can be concluded that the City has a surplus against the cash backed and accumulated surpluses reconciliation. The level of the cash-backing progressively improved over the period 2018/19 to 2020/21.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

2.6.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 30 MBRR SA10 – Funding compliance measurement

KZN225 Msunduzi Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	5,714	969,816	678,021	738,902	551,537	551,537	551,537	739,427	1,031,692	1,368,155
Cash + investments at the yr end less applications - R'000	18(1)b	2	1,135,369	1,355,459	759,841	1,150,314	1,624,979	1,624,979	1,624,979	1,997,559	2,540,821	3,150,375
Cash year end/monthly employee/supplier payments	18(1)b	3	0.0	3.3	2.1	2.2	1.7	1.7	1.7	2.1	2.8	3.4
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	48,249	52,464	(236,399)	493,309	453,947	453,947	453,947	507,467	543,883	622,796
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	4.6%	(2.5%)	10.0%	(9.6%)	(6.0%)	(6.0%)	(0.8%)	1.6%	1.6%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	91.0%	94.7%	83.2%	89.1%	87.6%	87.6%	87.6%	87.5%	87.6%	87.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	7.6%	3.2%	10.0%	2.7%	2.8%	2.8%	2.8%	2.8%	2.8%	2.7%
Capital payments % of capital expenditure	18(1)c;19	8	103.1%	100.1%	100.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.6%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10								0.0%	0.0%	0.0%
Current consumer debtors % change - incr(decr)	18(1)a	11	N.A.	15.5%	(11.7%)	44.0%	0.0%	0.0%	0.0%	17.6%	16.2%	15.2%
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.7%	2.4%	0.0%	3.9%	2.4%	2.4%	2.9%	2.8%	3.0%	3.3%
Asset renewal % of capital budget	20(1)(vi)	14	77.7%	82.6%	72.5%	28.2%	40.1%	40.1%	0.0%	67.8%	66.6%	67.9%

2.6.4.1 Cash/cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2018/19 MTREF shows R730.4 million, R1.031 million and R1.368 billion for each respective financial year.

2.6.4.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 48. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.4.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality
be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. . As part of the 2018/19 MTREF the municipalities improving cash position causes the ratio to move upwards to 2.1 and then increases to 3.4 for the outer years.

2.6.4.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that

the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2018/19 MTREF the indicative outcome is a surplus of R507.5 million, R543.9 million and R622.8 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 8.3, 3.3 and 3.0 per cent for the respective financial year of the 2017/18 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 6.0 per cent, with the increase in water at 13.08 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. However, the outcome is lower in the outer years of the MTREF that it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

2.6.4.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 88.2, 86.9 and 87.1 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 90 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated

with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed.

2.6.4.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 3.7, 3.7 and 3.6 per cent over the MTREF. Considering the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

2.6.4.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.4.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been be excluded. It can be seen that borrowing equates to 45.5, 29.4 and zero per cent of own funded capital. Further details relating to the borrowing strategy of the City can be found on page 68.

2.6.4.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The City has budgeted for all transfers.

2.6.4.11 Consumer debtors change (Current and Non-current)

The purposes of these measures are to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the City's policy of settling debtors accounts within 30 days. Although there is a spike in the 2018/19 financial year, this levels out in the following years.

2.6.4.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the City's strategy pertaining to asset management and repairs and maintenance are contained in Table 60 MBRR SA34C on page 103.

2.6.4.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 90.

2.7 Table 31 MBRR SA19 - Expenditure on transfers and grant programmes

KZN225 Msunduzi - Supporting Table SA19 Expenditure on transfers and grant programme

Description	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:									
Operating expenditure of Transfers and Grants									
National Government:	475,437	437,999	467,989	520,105	520,105	520,105	580,856	611,054	662,072
Local Government Equitable Share	373,541	395,786	432,307	468,430	468,430	468,430	505,853	544,673	597,005
Finance Management	1,600	1,600	1,625	1,700	1,700	1,700	1,700	1,700	1,700
Municipal Systems Improvement	808	482							
EPWP Incentive	2,784	4,032	3,913	8,022	8,022	8,022	2,867		
Water Services Operating Subsidy	1,762								
Public Transport Infrastracture	88,849	27,408	15,108	21,001	21,001	21,001	48,773	42,609	42,902
Energy Efficiency and Demand Management									
Operating costs-MIG	6,093	8,690	15,036	20,951	20,951	20,951	21,663	22,072	20,465
Neighbourhood Development Partnership Technical ass									
Provincial Government:	43,754	28,157	29,288	69,167	69,167	69,167	91,823	80,543	83,378
Provincial Government:	3		1,075						
Expanded Public Works Grant	–	–							
Arts and Culture- Provincialisation	60	9,940	15,386	14,636	14,636	14,636	18,916	19,856	20,849
Arts and Culture-Museum Subsidies	19,310	11,225	27	420	420	420	441	483	488
Arts and Culture- Community Library Services	7,450	6,618		612	612	612	643	685	738
COGTA	16,231	106	1,145						
Sport and Recreation	478	268							
Human Settlements	222		11,655	53,499	53,499	53,499	71,823	59,519	61,303
District Municipality:	–	–	–	–	–	–	–	–	–
[insert description]									
Other grant providers:	413	–	–	–	–	–	–	–	–
Developer Contribution	413								
Total operating expenditure of Transfers and G	519,604	466,156	497,277	589,271	589,271	589,271	672,679	691,597	745,450
Capital expenditure of Transfers and Grants									
National Government:	299,283	270,402	411,530	447,390	447,390	447,390	404,344	394,145	447,606
Municipal Infrastructure Grant (MIG)	157,065	182,668	174,517	180,188	180,188	180,188	171,653	175,444	188,671
Public Transport and Systems	20,634	18,140	184,923	189,012	189,012	189,012	150,331	152,056	162,470
Neighbourhood Development Partnership	20,195	10,231	1,955	40,000	40,000	40,000	42,360	25,645	53,210
Dept of Mineral/Electricty	9,188							–	
Intergrated National Electrification Porgramme	82,151	8,771	4,115						
Municipal Systems Improvement									
Municipal Water Infrastructure Grant	417	415	38,021	38,191	38,191	38,191	40,000	41,000	43,255
Energy Efficiency and Demand Manaagement	9,631	50,176	8,000						
Provincial Government:	57,176	28,696	24,611	12,867	12,867	12,867	–	–	–
Airport Development Project	–	10,986	1,467						
Sport and Recreation	80								
KZNPA	5,182	1,004							
Arts and Culture-Museum Subsidies	8,865	3,635	8,598	5,467	5,467	5,467			
COGTA	18,016	2,466		1,000	1,000	1,000			
Human Settlement	25,032	10,605	14,546	6,400	6,400	6,400			
District Municipality:	–	–	–	–	–	–	–	–	–
[insert description]									

2.8 Councillor and employee benefits

Table 32 MBRR SA22 - Summary of councillor and staff benefits

KZN225 Msunduzi - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		22,127	26,664	33,616	30,068	30,068	30,068	32,324	34,748	37,354
Pension and UIF Contributions		3,203	3,859	4,543	3,795	3,795	3,795	4,080	4,386	4,714
Medical Aid Contributions		1,803	2,173		1,487	1,487	1,487	1,599	1,719	1,847
Motor Vehicle Allowance		5,821	7,015		7,656	7,656	7,656	8,231	8,848	9,511
Cellphone Allowance		1,588	1,914	5,415	2,135	2,135	2,135	2,295	2,467	2,653
Housing Allowances		115	138		43	43	43	46	49	53
Other benefits and allowances			–							–
Sub Total - Councillors		34,657	41,763	43,574	45,185	45,185	45,185	48,574	52,217	56,133
% increase	4		20.5%	4.3%	3.7%	–	–	7.5%	7.5%	7.5%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		5,442	6,744		8,364	8,364	8,364	8,992	9,666	10,391
Pension and UIF Contributions		798	870		922	922	922	991	1,065	1,145
Medical Aid Contributions			20		149	149	149	160	172	185
Overtime										
Performance Bonus		604	360							
Motor Vehicle Allowance	3	962	756		1,116	1,116	1,116	1,200	1,290	1,387
Cellphone Allowance	3		90		100	100	100	108	116	124
Housing Allowances	3	98	64		602	602	602	647	696	748
Other benefits and allowances	3	133								
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		8,038	8,904	–	11,253	11,253	11,253	12,097	13,004	13,980
% increase	4		10.8%	(100.0%)	–	–	–	7.5%	7.5%	7.5%
Other Municipal Staff										
Basic Salaries and Wages		562,665	621,617	655,679	770,893	778,633	778,633	808,676	868,537	933,743
Pension and UIF Contributions		10,767	11,521	5,691	154,199	156,779	156,779	163,050	175,116	188,250
Medical Aid Contributions		154,656	149,748	188,168	54,664	54,664	54,664	56,850	61,057	65,637
Overtime		38,098	49,205	56,664	52,475	52,475	52,475	54,574	58,612	63,008
Performance Bonus					55,756	55,756	55,756	57,987	62,278	66,930
Motor Vehicle Allowance	3	40,026	53,162	63,964	18,342	20,277	20,277	21,088	22,649	24,325
Cellphone Allowance	3				418	418	418	434	466	501
Housing Allowances	3	3,026	4,475	4,904	6,291	6,936	6,936	7,214	7,748	8,321
Other benefits and allowances	3				13,314	13,314	13,314	13,846	14,871	15,971
Payments in lieu of leave					–	–	–	–	–	–
Long service awards		22,289	22,244	15,041	19,638	19,638	19,638	20,423	21,935	23,558
Post-retirement benefit obligations	6	50,089	36,903		–	–	–	–	–	–
Sub Total - Other Municipal Staff		881,616	948,875	990,111	1,145,989	1,158,889	1,158,889	1,204,143	1,293,268	1,390,243
% increase	4		7.6%	4.3%	15.7%	1.1%	–	3.9%	7.4%	7.5%
Total Parent Municipality		924,312	999,543	1,033,685	1,202,427	1,215,327	1,215,327	1,264,814	1,358,489	1,460,356
			8.1%	3.4%	16.3%	1.1%	–	4.1%	7.4%	7.5%
Board Members of Entities										
Basic Salaries and Wages								431	475	522
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		–	–	–	–	–	–	431	475	522
% increase	4		–	–	–	–	–	–	10.0%	10.0%
Senior Managers of Entities										
Basic Salaries and Wages		365	405	450	500	500	500	546	601	661
Pension and UIF Contributions					–	–	–	–	–	–
Medical Aid Contributions		12	14	15	17	17	17	25	28	30
Overtime		15	17	19	21	21	21	23	25	28
Performance Bonus		4	4	4	4	4	4	4	5	5
Motor Vehicle Allowance	3				–	–	–	–	–	–
Cellphone Allowance	3	5	6	6	7	7	7	8	9	9
Housing Allowances	3				–	–	–	–	–	–
Other benefits and allowances	3				–	–	–			
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		401	445	494	549	549	549	606	667	733
% increase	4		11.0%	11.0%	11.2%	–	–	10.4%	10.0%	10.0%
Other Staff of Entities										
Basic Salaries and Wages		2,164	2,624	3,477	3,921	3,921	3,921	6,392	7,031	7,734
Pension and UIF Contributions		190	211	234	260	260	260	492	542	596
Medical Aid Contributions		296	522	580	645	645	645	650	716	787

Table 33 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)

KZN225 Msunduzi - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1. Rand per annum	Ref	No.	Salary	Contributions 1.	Allowances	Performance Bonuses	In-kind benefits	Total Package 2.
Councillors	3							
Speaker	4		921,080	97,454	251,925			1,270,459
Chief Whip			870,643	144,756	152,437			1,167,836
Executive Mayor			1,273,960	227,417	57,920			1,559,296
Deputy Executive Mayor			885,681	132,852	251,927			1,270,460
Executive Committee			7,221,323	981,093	1,140,273			9,342,690
Total for all other councillors			20,988,350	4,143,752	8,830,654			33,962,756
Total Councillors	8	–	32,161,037	5,727,325	10,685,136			48,573,498
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1,563,679	186,912	273,877			2,024,468
Chief Finance Officer			1,428,929	130,761	415,128			1,974,818
DMM: Corporate Services			1,550,474	287,479	154,649			1,992,602
DMM: Community Services			1,522,019	219,498	249,752			1,991,268
DMM: Sustainable Development and City Enterprises			1,459,243	133,481	453,432			2,046,156
DMM: Infrastructure Services			1,467,277	192,640	407,901			2,067,818
List of each offical with packages >= senior manager								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
								–
Total Senior Managers of the Municipality	8,10	–	8,991,620	1,150,770	1,954,739	–		12,097,129
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	–	41,152,656	6,878,095	12,639,875	–		60,670,627

Table 34 MBRR SA24 – Summary of personnel numbers

KZN225 Msunduzi - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		73	73	73	73		73	73		73
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	7	6	1	7	5	1	7	5	1
Other Managers	7	29	22	–	29	21	1	29	21	1
Professionals		*409*	*183*	*12*	*409*	*213*	*8*	*409*	*213*	*8*
Finance		31	15	1	31	17	1	31	17	1
Spatial/town planning		11	7	4	11	14		11	14	
Information Technology		4	1		4	4		4	4	
Roads		107	42	2	107	45		107	45	
Electricity		26	3		26	5	2	26	5	2
Water		77	24		77	27		77	27	
Sanitation		1	5		1	7		1	7	
Refuse		2	2		2	3		2	3	
Other		150	84	5	150	91	5	150	91	5
Technicians		*1,380*	*600*	*43*	*1,381*	*631*	*23*	*1,383*	*633*	*23*
Finance		131	69	4	131	74		131	74	
Spatial/town planning		45	11	4	45	14	17	45	14	17
Information Technology		21	16	2	21	17	2	21	17	2
Roads		23	12	2	23	14		23	14	
Electricity		218	59	9	218	57		218	57	
Water		58	17	2	58	16		58	16	
Sanitation		32	13		32	11		32	11	
Refuse		19	9		19	12		19	12	
Other		833	394	20	834	416	4	836	418	4
Clerks (Clerical and administrative)		554	307	24	554	341	2	554	341	2
Service and sales workers		383	198	57	383	212	73	383	212	73
Skilled agricultural and fishery workers		23	14	3	23	24	4	23	24	4
Craft and related trades		167	87	5	167	82	4	167	82	4
Plant and Machine Operators		392	159	15	392	174		392	174	
Elementary Occupations		2,571	1,548	3	2,571	1,539	8	2,571	1,539	8
TOTAL PERSONNEL NUMBERS	9	5,988	3,197	236	5,989	3,242	197	5,991	3,244	197
% increase					0.0%	1.4%	(16.5%)	0.0%	0.1%	–
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10	673	424	31	673	419	28	673	419	28
Human Resources personnel headcount	8, 10	150	66	4	150	64	13	150	64	13

2.9 Monthly targets for revenue, expenditure and cash flow

2.9.1 Table 35 MBRR SA25 - Budgeted monthly revenue and expenditure

KZN225 Msunduzi - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source																
Property rates		75,070	75,070	75,070	75,070	75,070	75,070	75,070	75,070	75,070	75,070	75,070	75,067	900,837	954,887	1,012,180
Service charges - electricity revenue		182,305	182,305	182,305	182,305	182,305	182,305	182,305	182,305	182,305	182,305	182,305	172,520	2,177,873	2,326,839	2,485,995
Service charges - water revenue		50,848	50,848	50,848	50,848	50,848	50,848	50,848	50,848	50,848	50,848	50,848	44,335	603,661	682,619	771,906
Service charges - sanitation revenue		11,423	11,423	11,423	11,423	11,423	11,423	11,423	11,423	11,423	11,423	11,423	11,423	137,072	145,296	154,014
Service charges - refuse revenue		8,856	8,856	8,856	8,856	8,856	8,856	8,856	8,856	8,856	8,856	8,856	8,856	106,276	112,653	119,412
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		2,935	2,935	2,935	2,935	2,935	2,935	2,935	2,935	2,935	2,935	2,935	2,935	35,220	36,240	38,415
Interest earned - external investments		3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,412	39,956	41,959	44,062
Interest earned - outstanding debtors		9,845	9,845	9,845	9,845	9,845	9,845	9,845	9,845	9,845	9,845	9,845	9,845	118,141	125,197	132,709
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		6,267	6,267	6,267	6,267	6,267	6,267	6,267	6,267	6,267	6,267	6,267	6,267	75,203	79,705	84,488
Licences and permits		8	8	8	8	8	8	8	8	8	8	8	8	100	106	112
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies		50,709	50,709	50,709	50,709	50,709	50,709	50,709	50,709	50,709	50,709	50,709	114,882	672,679	691,597	745,450
Other revenue		9,842	9,842	9,842	9,842	9,842	9,842	9,842	9,842	9,842	9,842	9,842	56,761	165,019	171,254	181,529
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and cont		411,430	411,430	411,430	411,430	411,430	411,430	411,430	411,430	411,430	411,430	411,430	506,312	5,032,038	5,368,354	5,770,272
Expenditure By Type																
Employee related costs		103,835	103,835	103,835	103,835	103,835	103,835	103,835	103,835	103,835	103,835	103,835	132,144	1,274,330	1,368,957	1,471,871
Remuneration of councillors		4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	4,048	48,573	52,217	56,133
Debt impairment		9,182	9,182	9,182	9,182	9,182	9,182	9,182	9,182	9,182	9,182	9,182	9,182	110,178	116,789	123,796
Depreciation & asset impairment		38,974	38,974	38,974	38,974	38,974	38,974	38,974	38,974	38,974	38,974	38,974	39,919	468,636	491,930	516,380
Finance charges		4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,223	4,238	50,688	43,287	37,003
Bulk purchases		171,313	171,313	171,313	171,313	171,313	171,313	171,313	171,313	171,313	171,313	171,313	165,883	2,050,322	2,229,396	2,425,369
Other materials		4,972	4,972	4,972	4,972	4,972	4,972	4,972	4,972	4,972	4,972	4,972	9,104	63,797	65,697	68,423
Contracted services		48,163	48,163	48,163	48,163	48,163	48,163	48,163	48,163	48,163	48,163	48,163	76,428	606,222	595,413	632,378
Transfers and subsidies		4,762	4,762	4,762	4,762	4,762	4,762	4,762	4,762	4,762	4,762	4,762	(7,050)	45,328	47,976	49,763
Other expenditure		16,787	16,787	16,787	16,787	16,787	16,787	16,787	16,787	16,787	16,787	16,787	26,184	210,837	206,955	213,968
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		406,257	406,257	406,257	406,257	406,257	406,257	406,257	406,257	406,257	406,257	406,257	460,079	4,928,912	5,218,616	5,595,082
Surplus/(Deficit)		5,172	5,172	5,172	5,172	5,172	5,172	5,172	5,172	5,172	5,172	5,172	46,232	103,126	149,738	175,190
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)													404,341	404,341	394,145	447,606
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)													–	–	–	–
Transfers and subsidies - capital (in-kind - all)													–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		5,172	5,172	5,172	5,172	5,172	5,172	5,172	5,172	5,172	5,172	5,172	450,574	507,467	543,883	622,796
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	5,172	5,172	5,172	5,172	5,172	5,172	5,172	5,172	5,172	5,172	5,172	450,574	507,467	543,883	622,796

2.9.2 Table 36 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

KZN225 Msunduzi - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote																
Vote 1 - City Manager		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Vote 2 - City Finance		153,445	153,445	153,445	153,445	153,445	153,445	153,445	153,445	153,445	153,445	153,445	153,445	1,841,339	1,955,736	2,083,069
Vote 3 - Community Services and Social Equity		19,949	18,319	18,319	18,319	18,319	18,319	18,319	18,319	18,319	18,319	18,319	36,248	239,388	247,457	258,050
Vote 4 - Corporate Services		174	174	174	174	174	174	174	174	174	174	174	174	2,094	1,975	2,094
Vote 5 - Infrastructure Services		316,772	317,449	317,449	317,449	317,449	317,449	317,449	317,449	317,449	317,449	317,449	309,999	3,801,264	4,083,952	4,420,122
Vote 6 - Sustainable Development and City Enterprises		13,588	11,010	11,010	11,010	11,010	11,010	11,010	11,010	11,010	11,010	11,010	39,365	163,056	131,381	164,006
Total Revenue by Vote		503,928	500,398	500,398	500,398	500,398	500,398	500,398	500,398	500,398	500,398	500,398	539,231	6,047,141	6,420,501	6,927,341
Expenditure by Vote to be appropriated																
Vote 1 - City Manager		17,314	17,314	17,314	17,314	17,314	17,314	17,314	17,314	17,314	17,314	17,314	17,314	207,764	212,129	221,798
Vote 2 - City Finance		80,596	80,596	80,596	80,596	80,596	80,596	80,596	80,596	80,596	80,596	80,596	80,596	967,155	1,014,457	1,068,717
Vote 3 - Community Services and Social Equity		61,318	61,318	61,318	61,318	61,318	61,318	61,318	61,318	61,318	61,318	61,318	61,318	735,819	779,969	843,686
Vote 4 - Corporate Services		14,430	14,430	14,430	14,430	14,430	14,430	14,430	14,430	14,430	14,430	14,430	14,430	173,158	183,331	195,910
Vote 5 - Infrastructure Services		263,073	263,207	263,207	263,207	263,207	263,207	263,207	263,207	263,207	263,207	263,207	261,727	3,156,872	3,390,800	3,659,515
Vote 6 - Sustainable Development and City Enterprises		24,909	24,830	24,830	24,830	24,830	24,830	24,830	24,830	24,830	24,830	24,830	25,696	298,906	295,932	314,917
Total Expenditure by Vote		461,639	461,695	461,695	461,695	461,695	461,695	461,695	461,695	461,695	461,695	461,695	461,080	5,539,673	5,876,618	6,304,545
Surplus/(Deficit) before assoc.		42,289	38,703	38,703	38,703	38,703	38,703	38,703	38,703	38,703	38,703	38,703	78,151	507,467	543,883	622,796
Taxation													–	–	–	–
Attributable to minorities													–	–	–	–
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	42,289	38,703	38,703	38,703	38,703	38,703	38,703	38,703	38,703	38,703	38,703	78,151	507,467	543,883	622,796

2.9.3 Table 37 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

KZN225 Msunduzi - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional																
Governance and administration		156,963	156,963	156,963	156,963	156,963	156,963	156,963	156,963	156,963	156,963	156,963	156,963	1,883,552	1,995,167	2,121,934
Executive and council		256	256	256	256	256	256	256	256	256	256	256	256	3,074	195	207
Finance and administration		156,707	156,707	156,707	156,707	156,707	156,707	156,707	156,707	156,707	156,707	156,707	156,707	1,880,479	1,994,972	2,121,727
Internal audit													–	–	–	–
Community and public safety		10,897	6,697	6,697	6,697	6,697	6,697	6,697	6,697	6,697	6,697	6,697	52,897	130,762	116,084	117,766
Community and social services		2,383	716	716	716	716	716	716	716	716	716	716	19,049	28,593	29,993	34,337
Sport and recreation		838	838	838	838	838	838	838	838	838	838	838	838	10,054	8,470	2,414
Public safety		27	27	27	27	27	27	27	27	27	27	27	27	318	300	318
Housing		7,650	5,116	5,116	5,116	5,116	5,116	5,116	5,116	5,116	5,116	5,116	32,984	91,797	77,321	80,696
Health		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Economic and environmental services		27,108	27,108	27,108	27,108	27,108	27,108	27,108	27,108	27,108	27,108	27,108	27,198	325,385	310,485	362,082
Planning and development		3,648	3,648	3,648	3,648	3,648	3,648	3,648	3,648	3,648	3,648	3,648	3,648	43,772	26,980	54,625
Road transport		23,457	23,457	23,457	23,457	23,457	23,457	23,457	23,457	23,457	23,457	23,457	23,547	281,577	283,466	307,416
Environmental protection		3	3	3	3	3	3	3	3	3	3	3	3	36	38	41
Trading services		306,710	307,387	307,387	307,387	307,387	307,387	307,387	307,387	307,387	307,387	307,387	299,937	3,680,521	3,972,306	4,297,511
Energy sources		186,289	186,289	186,289	186,289	186,289	186,289	186,289	186,289	186,289	186,289	186,289	186,289	2,235,473	2,385,464	2,549,539
Water management		88,621	89,299	89,299	89,299	89,299	89,299	89,299	89,299	89,299	89,299	89,299	81,848	1,063,455	1,181,740	1,320,790
Waste water management		18,520	18,520	18,520	18,520	18,520	18,520	18,520	18,520	18,520	18,520	18,520	18,520	222,240	235,658	247,831
Waste management		13,279	13,279	13,279	13,279	13,279	13,279	13,279	13,279	13,279	13,279	13,279	13,279	159,353	169,443	179,351
Other		2,243	2,243	2,243	2,243	2,243	2,243	2,243	2,243	2,243	2,243	2,243	2,243	26,919	26,460	28,047
Total Revenue - Functional		503,921	500,398	500,398	500,398	500,398	500,398	500,398	500,398	500,398	500,398	500,398	539,238	6,047,141	6,420,501	6,927,341
Expenditure - Functional																
Governance and administration		130,266	130,109	130,109	130,109	130,109	130,109	130,109	130,109	130,109	130,109	130,109	131,831	1,563,188	1,642,070	1,746,639
Executive and council		14,741	14,965	14,965	14,965	14,965	14,965	14,965	14,965	14,965	14,965	14,965	12,506	176,893	185,237	195,685
Finance and administration		114,396	113,908	113,908	113,908	113,908	113,908	113,908	113,908	113,908	113,908	113,908	119,270	1,372,747	1,442,652	1,536,029
Internal audit		1,129	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	1,236	55	13,548	14,180	14,925
Community and public safety		37,229	34,266	34,266	34,266	34,266	34,266	34,266	34,266	34,266	34,266	34,266	66,856	446,748	456,168	484,011
Community and social services		9,954	8,343	8,343	8,343	8,343	8,343	8,343	8,343	8,343	8,343	8,343	26,072	119,452	127,088	135,270
Sport and recreation		10,012	9,968	9,968	9,968	9,968	9,968	9,968	9,968	9,968	9,968	9,968	10,458	120,149	127,839	136,340
Public safety		8,371	8,391	8,391	8,391	8,391	8,391	8,391	8,391	8,391	8,391	8,391	8,175	100,457	107,153	114,339
Housing		8,858	7,532	7,532	7,532	7,532	7,532	7,532	7,532	7,532	7,532	7,532	22,120	106,300	93,686	97,648
Health		33	33	33	33	33	33	33	33	33	33	33	31	390	402	414
Economic and environmental services		28,542	28,738	28,738	28,738	28,738	28,738	28,738	28,738	28,738	28,738	28,738	27,528	343,449	352,409	374,094
Planning and development		7,069	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	6,824	9,519	84,831	85,260	90,628
Road transport		19,982	20,386	20,386	20,386	20,386	20,386	20,386	20,386	20,386	20,386	20,386	16,882	240,723	248,046	263,114
Environmental protection		1,491	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,528	1,127	17,896	19,103	20,352
Trading services		259,401	257,990	257,990	257,990	257,990	257,990	257,990	257,990	257,990	257,990	257,990	273,515	3,112,811	3,349,000	3,618,977
Energy sources		152,719	153,230	153,230	153,230	153,230	153,230	153,230	153,230	153,230	153,230	153,230	147,606	1,832,623	1,957,489	2,092,539
Water management		70,367	71,051	71,051	71,051	71,051	71,051	71,051	71,051	71,051	71,051	71,051	63,531	844,405	942,725	1,051,770
Waste water management		25,566	22,696	22,696	22,696	22,696	22,696	22,696	22,696	22,696	22,696	22,696	54,268	306,794	310,879	326,837
Waste management		10,749	11,013	11,013	11,013	11,013	11,013	11,013	11,013	11,013	11,013	11,013	8,109	128,989	137,907	147,831
Other		6,123	6,244	6,244	6,244	6,244	6,244	6,244	6,244	6,244	6,244	6,244	4,910	73,477	76,972	80,823
Total Expenditure - Functional		461,561	457,347	457,347	457,347	457,347	457,347	457,347	457,347	457,347	457,347	457,347	504,639	5,539,673	5,876,618	6,304,545
Surplus/(Deficit) before assoc.		42,360	43,051	43,051	43,051	43,051	43,051	43,051	43,051	43,051	43,051	43,051	34,599	507,467	543,883	622,796
Share of surplus/ (deficit) of associate													–	–	–	–
Surplus/(Deficit)	1	42,360	43,051	43,051	43,051	43,051	43,051	43,051	43,051	43,051	43,051	43,051	34,599	507,467	543,883	622,796

2.9.4 Table 38 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

KZN225 Msunduzi - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Multi-year expenditure *to be appropriated*	1															
Vote 1 - City Manager		157,341.75	157	157	157	157	157	157	157	157	157	157	157	1,888	3,888	3,888
Vote 2 - City Finance		2,177	2,177	2,177	2,177	2,177	2,177	2,177	2,177	2,177	2,177	2,177	2,177	26,124	27,430	27,610
Vote 3 - Community Services and Social Equity		2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	2,050	24,604	18,811	29,995
Vote 4 - Corporate Services		1,757	1,757	1,757	1,757	1,757	1,757	1,757	1,757	1,757	1,757	1,757	1,757	21,085	2,825	1,200
Vote 5 - Infrastructure Services		27,877	27,877	27,877	27,877	27,877	27,877	27,877	27,877	27,877	27,877	27,877	27,877	334,528	368,163	374,702
Vote 6 - Sustainable Development and City Enterprises		805	805	805	805	805	805	805	805	805	805	805	805	9,666	10,000	11,763
Capital multi-year expenditure sub-total	2	34,825	34,825	34,825	34,825	34,825	34,825	34,825	34,825	34,825	34,825	34,825	34,825	417,894	431,118	449,159
Single-year expenditure *to be appropriated*																
Vote 1 - City Manager		322	322	322	322	322	322	322	322	322	322	322	322	3,867	1,867	1,867
Vote 2 - City Finance		586	586	586	586	586	586	586	586	586	586	586	644	7,090	5,575	5,395
Vote 3 - Community Services and Social Equity		1,821	1,821	1,821	1,821	1,821	1,821	1,821	1,821	1,821	1,821	1,821	15,134	35,165	31,164	39,325
Vote 4 - Corporate Services		253	253	253	253	253	253	253	253	253	253	253	255	3,038	2,996	4,621
Vote 5 - Infrastructure Services		4,019	4,019	4,019	4,019	4,019	4,019	4,019	4,019	4,019	4,019	4,019	5,982	50,191	4,000	2,250
Vote 6 - Sustainable Development and City Enterprises		4,773	4,773	4,773	4,773	4,773	4,773	4,773	4,773	4,773	4,773	4,773	1,634	54,137	37,425	64,990
Capital single-year expenditure sub-total	2	11,774	11,774	11,774	11,774	11,774	11,774	11,774	11,774	11,774	11,774	11,774	23,971	153,488	83,027	118,447
Total Capital Expenditure	2	46,599	46,599	46,599	46,599	46,599	46,599	46,599	46,599	46,599	46,599	46,599	58,795	571,382	514,145	567,606

2.9.5 Table 39 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

KZN225 Msunduzi - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional	1															
Governance and administration		10,891	10,891	10,891	10,891	10,891	10,891	10,891	10,891	10,891	10,891	10,891	10,904	130,705	120,249	131,071
Executive and council		6,809	6,809	6,809	6,809	6,809	6,809	6,809	6,809	6,809	6,809	6,809	6,817	81,716	75,179	81,945
Finance and administration		4,082	4,082	4,082	4,082	4,082	4,082	4,082	4,082	4,082	4,082	4,082	4,087	48,989	45,069	49,126
Internal audit													–	–	–	–
Community and public safety		4,481	4,481	4,481	4,481	4,481	4,481	4,481	4,481	4,481	4,481	4,481	4,512	53,803	48,422	52,780
Community and social services		1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,050	12,512	11,261	12,274
Sport and recreation		1,718	1,718	1,718	1,718	1,718	1,718	1,718	1,718	1,718	1,718	1,718	1,729	20,627	18,565	20,235
Public safety		281	281	281	281	281	281	281	281	281	281	281	284	3,375	3,038	3,311
Housing		1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,440	1,449	17,289	15,560	16,960
Health													–	–	–	–
Economic and environmental services		9,852	9,852	9,852	9,852	9,852	9,852	9,852	9,852	9,852	9,852	9,852	14,866	123,238	106,414	123,179
Planning and development		5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,479	5,482	65,751	59,176	64,502
Road transport		4,331	4,331	4,331	4,331	4,331	4,331	4,331	4,331	4,331	4,331	4,331	9,336	56,977	46,779	58,177
Environmental protection		42	42	42	42	42	42	42	42	42	42	42	47	509	459	500
Trading services		21,682	21,682	21,682	21,682	21,682	21,682	21,682	21,682	21,682	21,682	21,682	21,700	260,202	235,969	257,206
Energy sources		8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,124	8,130	97,494	89,532	97,590
Water management		5,474	5,474	5,474	5,474	5,474	5,474	5,474	5,474	5,474	5,474	5,474	5,476	65,690	59,121	64,441
Waste water management		5,404	5,404	5,404	5,404	5,404	5,404	5,404	5,404	5,404	5,404	5,404	5,414	64,858	58,372	63,626
Waste management		2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	2,680	32,160	28,944	31,549
Other													3,435	3,435	3,091	3,370
Total Capital Expenditure - Functional	2	46,906	46,906	46,906	46,906	46,906	46,906	46,906	46,906	46,906	46,906	46,906	55,416	571,382	514,145	567,606
Funded by:																
National Government		33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,696	404,341	394,145	447,606
Provincial Government													–	–	–	–
District Municipality													–	–	–	–
Other transfers and grants													–	–	–	–
Transfers recognised - capital		33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,696	404,341	394,145	447,606
Public contributions & donations													–	–	–	–
Borrowing		3,503	3,503	3,503	3,503	3,503	3,503	3,503	3,503	3,503	3,503	3,503	3,508	42,041	–	–
Internally generated funds		10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	15,000	125,000	120,000	120,000
Total Capital Funding		47,198	47,198	47,198	47,198	47,198	47,198	47,198	47,198	47,198	47,198	47,198	52,204	571,382	514,145	567,606

2.9.6 Table 40 MBRR SA30 - Budgeted monthly cash flow

KZN225 Msunduzi - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Receipts By Source												1			
Property rates	67,562	67,562	67,562	67,562	67,562	67,562	67,562	67,562	67,562	67,562	67,562	67,571	810,753	859,398	910,962
Service charges - electricity revenue	163,340	163,340	163,340	163,340	163,340	163,340	163,340	163,340	163,340	163,340	163,340	163,346	1,960,086	2,094,155	2,237,396
Service charges - water revenue	45,763	45,763	45,763	45,763	45,763	45,763	45,763	45,763	45,763	45,763	45,763	39,902	543,295	614,358	694,715
Service charges - sanitation revenue	10,280	10,280	10,280	10,280	10,280	10,280	10,280	10,280	10,280	10,280	10,280	10,285	123,365	130,767	138,613
Service charges - refuse revenue	7,970	7,970	7,970	7,970	7,970	7,970	7,970	7,970	7,970	7,970	7,970	7,978	95,648	101,387	107,471
Service charges - other												–			
Rental of facilities and equipment	2,935	2,935	2,935	2,935	2,935	2,935	2,935	2,935	2,935	2,935	2,935	(587)	31,698	32,616	34,573
Interest earned - external investments	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,322	3,414	39,956	41,959	44,062
Interest earned - outstanding debtors	8,860	8,860	8,860	8,860	8,860	8,860	8,860	8,860	8,860	8,860	8,860	8,867	106,327	112,677	119,438
Dividends received												–			
Fines, penalties and forfeits	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,640	5,643	67,683	71,735	76,039
Licences and permits	8	8	8	8	8	8	8	8	8	8	8	12	100	106	112
Agency services												–			
Transfer receipts - operational	50,708	50,708	50,708	50,708	50,708	50,708	50,708	50,708	50,708	50,708	50,708	114,891	672,679	691,597	745,450
Other revenue	12,376	12,376	12,376	12,376	12,376	12,376	12,376	12,376	12,376	12,376	12,376	12,381	148,517	154,128	163,376
Cash Receipts by Source	378,764	378,764	378,764	378,764	378,764	378,764	378,764	378,764	378,764	378,764	378,764	433,703	4,600,107	4,904,884	5,272,207
Other Cash Flows by Source															
Transfer receipts - capital	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,695	33,696	404,341	394,145	447,606
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)												–			
Proceeds on disposal of PPE												–			
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits				784	784	784	784	784	784	784	784	628	6,903	7,451	7,908
Decrease (Increase) in non-current debtors												–			
Decrease (increase) other non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	412,459	412,459	412,459	413,243	413,243	413,243	413,243	413,243	413,243	413,243	413,243	468,027	5,011,352	5,306,481	5,727,721
Cash Payments by Type															
Employee related costs	93,451	93,451	93,451	93,451	93,451	93,451	93,451	93,451	93,451	93,451	93,451	121,700	1,149,661	1,236,198	1,328,767
Remuneration of councillors	4,047	4,047	4,047	4,047	4,047	4,047	4,047	4,047	4,047	4,047	4,047	4,056	48,573	52,217	56,133
Finance charges	4,222	4,222	4,222	4,222	4,222	4,222	4,222	4,222	4,222	4,222	4,222	4,246	50,688	43,287	37,003
Bulk purchases - Electricity	128,919	128,919	128,919	128,919	128,919	128,919	128,919	128,919	128,919	128,919	128,919	128,921	1,547,030	1,660,273	1,781,805
Bulk purchases - Water & Sewer	42,393	42,393	42,393	42,393	42,393	42,393	42,393	42,393	42,393	42,393	42,393	36,969	503,292	569,123	643,564
Other materials	5,289	5,289	5,289	5,289	5,289	5,289	5,289	5,289	5,289	5,289	5,289	5,300	63,479	65,349	68,041
Contracted services	47,061	47,061	47,061	47,061	47,061	47,061	47,061	47,061	47,061	47,061	47,061	27,603	545,274	535,513	568,745
Transfers and grants - other municipalities												–			
Transfers and grants - other	4,761	4,761	4,761	4,761	4,761	4,761	4,761	4,761	4,761	4,761	4,761	(7,043)	45,328	47,976	49,763
Other expenditure	17,201	17,201	17,201	17,201	17,201	17,201	17,201	17,201	17,201	17,201	17,201	17,202	206,413	202,201	208,858
Cash Payments by Type	347,344	347,344	347,344	347,344	347,344	347,344	347,344	347,344	347,344	347,344	347,344	338,955	4,159,739	4,412,136	4,742,678
Other Cash Flows/Payments by Type															
Capital assets	47,198	47,198	47,198	47,198	47,198	47,198	47,198	47,198	47,198	47,198	47,198	52,204	571,382	517,145	567,606
Repayment of borrowing	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	6,934	7,101	83,375	84,935	80,974
Other Cash Flows/Payments												–			
Total Cash Payments by Type	401,476	401,476	401,476	401,476	401,476	401,476	401,476	401,476	401,476	401,476	401,476	398,260	4,814,496	5,014,216	5,391,258
NET INCREASE/(DECREASE) IN CASH HELD	10,983	10,983	10,983	11,767	11,767	11,767	11,767	11,767	11,767	11,767	11,767	69,767	196,856	292,265	336,463
Cash/cash equivalents at the month/year begin:	542,571	553,554	564,537	575,520	587,288	599,055	610,823	622,590	634,358	646,125	657,893	669,660	542,571	739,427	1,031,692
Cash/cash equivalents at the month/year end:	553,554	564,537	575,520	587,288	599,055	610,823	622,590	634,358	646,125	657,893	669,660	739,427	739,427	1,031,692	1,368,155

2.10 Annual budgets and SDBIPs – internal departments

These are discussed fully in the IDP and SDBIP documents

2.11 Contracts having future budgetary implications

In terms of the City's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.12 Capital expenditure details

The following three tables present details of the City's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 41 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN225 Msunduzi - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		28,943	54,124	59,370	389,694	122,778	122,778	57,706	53,089	47,249
Roads Infrastructure		607	19,584	3,135	250,092	2,750	2,750	1,293	1,189	1,058
Roads		402	19,584	3,135	43,930	2,600	2,600	1,222	1,124	1,001
Road Structures		205	–		9,700	–	–			
Road Furniture					192,362	150	150	71	65	58
Capital Spares					4,100	–	–			
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		20,775	18,105	48,144	32,867	86,923	86,923	40,854	37,586	33,451
Power Plants		20,775	18,105	43,344	16,273	86,923	86,923	40,854	37,586	33,451
HV Substations				–		–	–			
HV Switching Station						–	–			
HV Transmission Conductors						–	–			
MV Substations						–	–			
MV Switching Stations						–	–			
MV Networks				4,800	16,593	–	–			
LV Networks						–	–			
Capital Spares						–	–			
Water Supply Infrastructure		5,732	300	7,582	54,491	7,000	7,000	3,290	3,027	2,694
Dams and Weirs						–	–			
Boreholes						–	–			
Reservoirs		5,732	300	7,582	12,000	7,000	7,000	3,290	3,027	2,694
Pump Stations						–	–			
Water Treatment Works						–	–			
Bulk Mains						–	–			
Distribution					5,300	–	–			
Distribution Points						–	–			
PRV Stations						–	–			
Capital Spares					37,191	–	–			
Sanitation Infrastructure		1,829	16,135	370	40,445	26,105	26,105	12,269	11,288	10,046
Pump Station		1,829	16,135			–	–			
Reticulation					35,545	26,105	26,105	12,269	11,288	10,046
Waste Water Treatment Works				370	4,900	–	–			
Outfall Sewers						–	–			
Toilet Facilities						–	–			
Capital Spares						–	–			
Solid Waste Infrastructure		–	–	139	–	–	–	–	–	–
Landfill Sites										
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares				139						
Rail Infrastructure		–	–	–	6,000	–	–	–	–	–
Rail Lines					4,000					
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares					2,000					
Coastal Infrastructure		–	–	–	5,800	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares					5,800					
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		43,592	28,528	20,794	5,900	24,617	24,617	13,570	12,484	11,111
Community Facilities		15,627	–	14,570	5,900	2,367	2,367	3,112	2,863	2,548
Halls		4,081	–	14,570	5,900	1,400	1,400	2,658	2,445	2,176
Centres						–	–			
Crèches						–	–			
Clinics/Care Centres						–	–			
Fire/Ambulance Stations		460				–	–			
Testing Stations						–	–			
Museums		1,792				–	–			
Galleries						–	–			
Theatres						–	–			
Libraries		8,355				–	–			
Cemeteries/Crematoria		384				–	–			
Police		215				–	–			
Parks						–	–			
Public Open Space						–	–			
Nature Reserves						–	–			
Public Ablution Facilities						–	–			
Markets		341				967	967	454	418	372
Stalls						–	–			
Abattoirs						–	–			
Airports						–	–			
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		27,965	28,528	6,224	–	22,250	22,250	10,458	9,621	8,563
Indoor Facilities				4,762		3,500	3,500	1,645	1,513	1,347
Outdoor Facilities		27,965	28,528	1,462		18,750	18,750	8,813	8,108	7,216
Capital Spares						–	–			
Heritage assets		862	–	37,518	–	8,600	8,600	4,042	3,719	3,310
Monuments						–	–			
Historic Buildings		862		27,885		3,300	3,300	1,551	1,427	1,270
Works of Art				9,633		–	–			
Conservation Areas						–	–			
Other Heritage						5,300	5,300	2,491	2,292	2,040
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		8,248	–	–	7,400	10,900	10,900	5,123	4,713	4,195
Operational Buildings		825	–	–	–	–	–	–	–	–
Municipal Offices		825								
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		7,423	–	–	7,400	10,900	10,900	5,123	4,713	4,195
Staff Housing		756			7,400	–	–			
Social Housing		6,667				10,900	10,900	5,123	4,713	4,195
Capital Spares						–	–			
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		8,762	–	–	–	45,541	45,541	282	259	231
Servitudes										
Licences and Rights		8,762	–	–	–	45,541	45,541	282	259	231
Water Rights						–	–			
Effluent Licenses						–	–			
Solid Waste Licenses						–	–			
Computer Software and Applications		8,762				600	600	282	259	231
Load Settlement Software Applications						–	–			
Unspecified						44,941	44,941			
Computer Equipment		27,439	–	393	–	4,946	4,946	2,325	2,139	1,903
Computer Equipment		27,439		393		4,946	4,946	2,325	2,139	1,903
Furniture and Office Equipment		–	–	21,385	–	15,144	15,144	7,118	6,548	7,941
Furniture and Office Equipment				21,385		15,144	15,144	7,118	6,548	7,941
Machinery and Equipment		–	–	37,671	–	20,635	20,635	9,698	8,922	7,941
Machinery and Equipment				37,671		20,635	20,635	9,698	8,922	7,941
Transport Assets		–	–	1,162	–	26,138	26,138	10,524	10,061	14,244
Transport Assets				1,162		26,138	26,138	10,524	10,061	14,244
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	117,846	82,651	178,293	402,994	279,300	279,300	110,387	101,935	98,125

Table 42 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN225 Msunduzi - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		324,463	361,107	358,285	158,480	257,184	257,184	327,104	287,446	324,290
Roads Infrastructure		116,538	134,019	203,189	87,580	127,922	127,922	169,403	143,938	163,562
Roads		115,589	133,719	202,603	84,840	105,177	105,177	128,315	116,767	130,779
Road Structures		949	300	586	2,740	22,745	22,745	27,749	25,251	28,282
Road Furniture						–	–	13,339	1,920	4,501
Capital Spares						–	–			
Storm water Infrastructure		52,713	82,956	–	–	–	–	–	–	–
Drainage Collection										
Storm water Conveyance		52,713	82,956							
Attenuation										
Electrical Infrastructure		116,132	105,400	86,543	38,800	46,700	46,700	56,974	51,846	58,068
Power Plants		116,132	105,400			–	–			
HV Substations						7,900	7,900	9,638	8,771	9,823
HV Switching Station						–	–	–	–	–
HV Transmission Conductors						–	–	–	–	–
MV Substations						–	–	–	–	–
MV Switching Stations						–	–	–	–	–
MV Networks				86,543	38,800	38,800	38,800	47,336	43,076	48,245
LV Networks						–	–			–
Capital Spares						–	–			
Water Supply Infrastructure		–	12,473	43,920	23,400	28,787	28,787	35,120	31,959	35,794
Dams and Weirs						–	–	–		
Boreholes						–	–	–	–	–
Reservoirs			12,473			3,787	3,787	4,620	4,204	4,709
Pump Stations						–	–	–	–	
Water Treatment Works						–	–	–	–	
Bulk Mains						–	–	–	–	–
Distribution					23,400	25,000	25,000	30,500	27,755	31,086
Distribution Points				43,920		–	–	–	–	–
PRV Stations						–	–	–		
Capital Spares						–	–	–		
Sanitation Infrastructure		30,221	25,503	14,909	3,900	48,976	48,976	59,751	54,373	60,898
Pump Station						–	–			
Reticulation						19,100	19,100	23,302	21,205	23,749
Waste Water Treatment Works		30,221	25,503	14,909	3,900	29,876	29,876	36,449	33,168	37,149
Outfall Sewers						–	–	–		–
Toilet Facilities						–	–	–		
Capital Spares						–	–			
Solid Waste Infrastructure		8,858	755	9,724	4,800	4,800	4,800	5,856	5,329	5,968
Landfill Sites				9,724	4,800	4,800	4,800	5,856	5,329	5,968
Waste Transfer Stations		8,163	755							
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities		695								
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		25,267	14,136	56,817	11,000	6,369	6,369	9,771	7,071	7,920
Community Facilities		7,614	10,990	36,584	10,100	6,369	6,369	9,771	7,071	7,920
Halls					10,100	5,669	5,669	8,917	6,294	7,049
Centres						700	700	854	777	870
Crèches						–	–			
Clinics/Care Centres						–	–			
Fire/Ambulance Stations			555			–	–			
Testing Stations						–	–			
Museums		391				–	–			
Galleries				1,400		–	–			
Theatres						–	–			
Libraries			4,650	7,239		–	–			
Cemeteries/Crematoria		321	1,171	27,106		–	–			
Police		762				–	–			
Parks						–	–			
Public Open Space				839		–	–			
Nature Reserves						–	–			
Public Ablution Facilities						–	–			
Markets		6,140	4,614			–	–			
Stalls						–	–			
Abattoirs						–	–			
Airports						–	–			
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		17,653	3,146	20,233	900	–	–	–	–	–
Indoor Facilities			3,025	18,617						
Outdoor Facilities		17,653	121	1,616	900					
Capital Spares										
Heritage assets		57,227	15,823	26,117	–	–	–	–	–	–
Monuments										
Historic Buildings		47,941	5,671	22,488						
Works of Art		9,287	10,152							
Conservation Areas										
Other Heritage				3,629						
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		2,692	2,569	20,213	2,500	1,300	1,300	1,586	1,443	1,616
Operational Buildings		–	–	–	2,500	1,300	1,300	1,586	1,443	1,616
Municipal Offices					2,500	1,300	1,300	1,586	1,443	1,616
Pay/Enquiry Points										
Building Plan Offices										
Workshops										
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		2,692	2,569	20,213	–	–	–	–	–	–
Staff Housing				4,713						
Social Housing		2,692	2,569	15,500						
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	25,000	40,932	40,932	49,937	46,237	51,786
Servitudes										
Licences and Rights		–	–	–	25,000	40,932	40,932	49,937	46,237	51,786
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications					25,000	33,695	33,695	41,108	37,409	41,898
Load Settlement Software Applications						–	–	–		–
Unspecified						7,237	7,237	8,829	8,829	9,888
Computer Equipment		1,142	–	4,882	–	–	–	–	–	–
Computer Equipment		1,142		4,882						
Furniture and Office Equipment		–	–	4,577	–	–	–	–	–	–
Furniture and Office Equipment				4,577						
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment										
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets										
Libraries		–	–	–	–	150	150	–	–	–
Libraries						150	150			
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on renewal of existing	1	410,791	393,635	470,891	196,980	305,936	305,936	388,397	342,197	385,612
Renewal of Existing Assets as % of total capex		*0.0%*	*82.6%*	*72.5%*	*28.2%*	*40.1%*	*40.1%*	*68.6%*	*66.6%*	*67.9%*
Renewal of Existing Assets as % of deprecn"		*85.4%*	*78.1%*	*78.9%*	*36.7%*	*66.4%*	*66.4%*	*84.0%*	*70.5%*	*75.6%*

Table 43 MBRR SA34c - Repairs and maintenance expenditure by asset class

KZN225 Msunduzi - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		86,063	127,246	–	207,603	129,906	129,906	187,469	196,709	209,237
Roads Infrastructure		8,642	47,029	–	41,095	25,715	25,715	–	–	–
Roads		8,642	47,029		37,405	23,406	23,406			
Road Structures						–	–			
Road Furniture					3,690	2,309	2,309			
Capital Spares						–	–			
Storm water Infrastructure		–	–	–	10,080	6,307	6,307	–	–	–
Drainage Collection						–	–			
Storm water Conveyance					10,080	6,307	6,307			
Attenuation						–	–			
Electrical Infrastructure		50,624	50,160	–	129,210	80,852	80,852	55,411	57,075	58,785
Power Plants		50,624	50,160			–	–			
HV Substations					11,650	7,290	7,290	4,805	5,100	5,385
HV Switching Station						–	–			
HV Transmission Conductors						–	–	2,274	2,483	2,768
MV Substations					15,000	9,386	9,386	5,554	5,721	6,006
MV Switching Stations						–	–			
MV Networks						–	–	9,098	9,371	9,656
LV Networks					102,560	64,176	64,176	32,680	33,100	33,385
Capital Spares						–	–	1,000	1,300	1,585
Water Supply Infrastructure		17,375	15,460	–	17,885	11,191	11,191	8,427	8,680	10,521
Dams and Weirs						–	–	–	–	–
Boreholes						–	–	–	50	50
Reservoirs						–	–	1,000	1,000	1,000
Pump Stations						–	–	500	500	500
Water Treatment Works						–	–	–	–	–
Bulk Mains						–	–	1,800	1,800	2,600
Distribution		17,375	15,460		17,885	11,191	11,191	3,500	3,500	4,171
Distribution Points						–	–	1,227	1,430	1,700
PRV Stations						–	–	400	400	500
Capital Spares						–	–			
Sanitation Infrastructure		5,936	6,125	–	7,833	4,901	4,901	121,923	129,139	138,000
Pump Station						–	–	1,500	1,500	2,000
Reticulation		5,936	6,125		7,833	4,901	4,901	800	800	1,200
Waste Water Treatment Works						–	–	118,631	125,749	133,293
Outfall Sewers						–	–	992	1,091	1,507
Toilet Facilities						–	–			
Capital Spares						–	–			
Solid Waste Infrastructure		3,485	8,472	–	–	–	–	1,708	1,815	1,931
Landfill Sites		3,485	8,472					908	935	963
Waste Transfer Stations								800	880	968
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	1,500	939	939	–	–	–
Rail Lines					1,500	939	939			
Rail Structures						–	–			
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										
Community Assets		24,446	17,218	–	40,846	25,559	25,559	9,433	9,746	10,069
Community Facilities		9,446	17,218	–	19,024	11,904	11,904	4,043	4,194	4,351
Halls		480	647		188	118	118	1,536	1,582	1,630
Centres						–	–			
Crèches						–	–			
Clinics/Care Centres			323			–	–			
Fire/Ambulance Stations		1,415			1,601	1,002	1,002	107	110	113
Testing Stations						–	–			
Museums		324	353			–	–			
Galleries						–	–			
Theatres						–	–			
Libraries		6,182	613		3,266	2,043	2,043	250	258	265
Cemeteries/Crematoria			454		4,226	2,644	2,644	3	3	3
Police		1,045	2,660		409	256	256	51	61	71
Parks						–	–			
Public Open Space			8,765		1,075	673	673	1,797	1,851	1,906
Nature Reserves						–	–			
Public Ablution Facilities					8,239	5,156	5,156	300	330	363
Markets			3,404			–	–			
Stalls						–	–			
Abattoirs						–	–			
Airports						–	–			
Taxi Ranks/Bus Terminals					20	13	13			
Capital Spares						–	–			
Sport and Recreation Facilities		15,000	–	–	21,822	13,655	13,655	5,390	5,552	5,719
Indoor Facilities		12,935			21,822	13,655	13,655	1,797	1,851	1,906
Outdoor Facilities		2,065				–	–	3,594	3,701	3,812
Capital Spares						–	–			
Heritage assets		38,222	18,379	–	1,053	659	659	–	–	–
Monuments						–	–			
Historic Buildings		36,245	18,379		1,053	659	659			
Works of Art		1,977				–	–			
Conservation Areas						–	–			
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		14,627	–	–	12,510	7,828	7,828	3,509	3,614	17,822
Operational Buildings		14,627	–	–	12,510	7,828	7,828	3,509	3,614	17,822
Municipal Offices		14,627			9,410	5,888	5,888	3,298	3,397	17,599
Pay/Enquiry Points						–	–			
Building Plan Offices						–	–			
Workshops						–	–			
Yards						–	–			
Stores						–	–	211	217	224
Laboratories						–	–			
Training Centres						–	–			
Manufacturing Plant						–	–			
Depots					3,100	1,940	1,940			
Capital Spares						–	–			
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	7,900	4,943	4,943	–	–	–
Servitudes										
Licences and Rights		–	–	–	7,900	4,943	4,943	–	–	–
Water Rights						–	–			
Effluent Licenses						–	–			
Solid Waste Licenses						–	–			
Computer Software and Applications					7,900	4,943	4,943			
Load Settlement Software Applications						–	–			
Unspecified						–	–			
Computer Equipment		–	–	–	5,280	3,304	3,304	–	–	–
Computer Equipment					5,280	3,304	3,304			
Furniture and Office Equipment		–	–	–	483	302	302	–	–	–
Furniture and Office Equipment					483	302	302			
Machinery and Equipment		11,658	–	–	953	596	596	1,061	1,026	1,074
Machinery and Equipment		11,658			953	596	596	1,061	1,026	1,074
Transport Assets		18,301	–	–	1,242	777	777	10,935	11,701	12,439
Transport Assets		18,301			1,242	777	777	10,935	11,701	12,439
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	193,317	162,844	–	277,871	173,876	173,876	212,407	222,796	250,642
R&M as a % of PPE		*2.7%*	*2.4%*	*0.0%*	*3.9%*	*2.4%*	*2.4%*	*2.9%*	*3.0%*	*3.3%*
R&M as % Operating Expenditure		*4.7%*	*3.8%*	*0.0%*	*5.7%*	*3.7%*	*3.7%*	*4.5%*	*4.5%*	*4.8%*

Table 44 MBRR SA36 - Detailed capital budget per municipal vote

KZN225 Msunduzi - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Program/Project description	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
R thousand		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Parent municipality:						
List all capital projects grouped by Municipal Vote						
CITY FINANCE	COMPUTERS	100	100	100	ADM & HO	NEW
CITY FINANCE	COMPUTERS	50	50		ADM & HO	NEW
CITY FINANCE	FINANCIAL MANAGEMENT SYSTEM - SAP	26,124	27,430	27,610	ADM & HO	NEW
CITY FINANCE	COMPUTERS	50	50		ADM & HO	NEW
CITY FINANCE	COMPUTERS AND LAPTOP	50	50		ADM & HO	NEW
CITY FINANCE	NOTE COUNTING MACHINES - CASHIER	30	45	45	ADM & HO	NEW
CITY FINANCE	INSTALL MORE CAMERA SYSTEMS STORES	200	80	50	ADM & HO	NEW
CITY FINANCE	MOTOR VEHICLE CANOPY	30			ADM & HO	NEW
CITY FINANCE	SECURE FENCING STORES	200			ADM & HO	NEW
CITY FINANCE	SORES CHANGE ROOMS	300			ADM & HO	NEW
CITY FINANCE	FUEL MANAGEMENT SYSTEM NCT AND NEW VEHICLES	1,000	200	200	ADM & HO	NEW
CITY FINANCE	VEHICLES incl. Meter Readers	5,000	5,000	5,000	ADM & HO	NEW
CITY FINANCE	COMPUTERS	80			ADM & HO	NEW
CITY MANAGER	COMPUTERS x 10	150	150	150	various	EXISTING
CITY MANAGER	PRINTERS x 10	60	60	60	ward 1,8,39,19,25,2	NEW
CITY MANAGER	PARK HOMES x 3	450	450	450	ward 1,8,39,19,25,2	NEW
CITY MANAGER	COMPUTERS x 7	105	105	105	ward29,38,39	NEW
CITY MANAGER	IP PHONES x7	46	46	46	ward 27	NEW
CITY MANAGER	TABLETS	5	5	5	ward 27	NEW
CITY MANAGER	PRINTERS x 2	12	12	12	ward 27	NEW
CITY MANAGER	CAMERAS x 2	30	30	30	ward 27	NEW
CITY MANAGER	SECURITY SYSTEM	100	100	100	ward 27	NEW
CITY MANAGER	LAPTOPS x 3	75	75	75	ward 27	NEW
CITY MANAGER	IP PHONES x 2	13	13	13	ward 27	NEW
CITY MANAGER	LAPTOP	25	25	25	ward 27	NEW
CITY MANAGER	IP TELEPHONES	7	7	7	ward 27	NEW
CITY MANAGER	COMPUTERS x 10	150	150	150	ward 27	NEW
CITY MANAGER	SEWING MACHINES	150	150	150	ward 27	NEW
CITY MANAGER	PALISIDE FENCING	100	100	100	ward 27	NEW
CITY MANAGER	STREET FURNITURE	300	300	300	ward 21	NEW
CITY MANAGER	COMPUTER	15	15	15	ward 27	NEW
CITY MANAGER	LAPTOPS X 3	75	75	75	ward 27	NEW
CITY MANAGER	VOICE RECORDING SOFWARE	888	3,888	3,888	ward 27	NEW
CITY MANAGER	FURNITURE	3,000			ward 27	NEW
COMMUNITY SERVICES	LEVS:AH:NEW:FURNITURE & OFFICE EQUIP	215	580	214	35	UPGRADING
COMMUNITY SERVICES	LEVS:ZA:NEW:MACHINERY & EQUIPM	750	180	250	15	EXISTING
COMMUNITY SERVICES	LEVS:ZA:NEW:MACHINERY & EQUIPM	100	200		6	EXISTING
COMMUNITY SERVICES	LEVS:ZA:NEW:TRANSPORT ASSETS	1,700	3,000	3,000	18	EXISTING
COMMUNITY SERVICES	OPERATION SUKUMA SAKHE		465		17	EXISTING
COMMUNITY SERVICES	TUSONG CENTER	1,204	4,300	2,750	27	EXISTING
COMMUNITY SERVICES	PARK HOMES	1,000		1,200	2	EXISTING
COMMUNITY SERVICES	TRANSPORT ASSETS	4,800	5,500			NEW
COMMUNITY SERVICES	Critical Fire Fighting Equipment	200		550		NEW
COMMUNITY SERVICES	PABX WITH VOICE RECODER	600				NEW
COMMUNITY SERVICES	RADIO EQUIPMENT	150	250	250		NEW
COMMUNITY SERVICES	SHOOTING RANGE 2ND PHASE	2,000				EXISTING
COMMUNITY SERVICES	RENOVATION FOR MARKET OFFICES	1,000				EXISTING
COMMUNITY SERVICES	REFURBISHMENT OF ECC		100	100		NEW
COMMUNITY SERVICES	RADIO EQUIPMENT		250			NEW
COMMUNITY SERVICES	TRANSPORT ASSETS		2,500			NEW
COMMUNITY SERVICES	TRANSPORT ASSETS			300		NEW
COMMUNITY SERVICES	LEVS:ZA:NEW:MACHINERY & EQUIPM		289			NEW
COMMUNITY SERVICES	REFURBISHMENT OF DISASTER MANAGEMENT		1,000			NEW
COMMUNITY SERVICES	MULTI CENTRE PUBLIC SAFETY		5,000	10,000	21	EXISTING
COMMUNITY SERVICES	PROTECTIVE EQUIPMENT COMPLIANCE WITH LEGISLATION	1,000				UPGRADING
COMMUNITY SERVICES	LEVS:ZA:NEW:MACHINERY & EQUIPM	1,500		1,500		NEW
COMMUNITY SERVICES	LEVS:ZA:NEW:TRANSPORT ASSETS		9,000			NEW
COMMUNITY SERVICES	NEW BUILDING	250	1,500			NEW
COMMUNITY SERVICES	MACHINERY & EQUIPM	100	500	300		NEW
COMMUNITY SERVICES	WASTE : NEW MACHINERY			6,200		UPGRADING
COMMUNITY SERVICES	DEVELOPMENT OF NEW CEMETERY: LAMONTVILLE	3,000		5,000		EXISTING
COMMUNITY SERVICES	UPGRADE AND MAINTENANCE OF POOLS (Alexandra, Olympic, Eastwoo	1,000				NEW
COMMUNITY SERVICES	MODIFY CONTAINERS / PARK HOMES AS TOILET FACILITIES	1,000				NEW
COMMUNITY SERVICES	ESSENTIAL EQUIPMENT FOR SPORT FACILITIES (goal post, marking ma	1,300		3,000		NEW
COMMUNITY SERVICES	FENCING OF BISLEY NATURE RESERVE	200				NEW
COMMUNITY SERVICES	UPGRADING OF BUCHANNAN SWIMMING POOL	1,500				NEW
COMMUNITY SERVICES	MIG - LANDFILL UPGRADE	2,000	2,166	4,000	35	NEW
COMMUNITY SERVICES	MIG - WARD 15 COMMUNITY HALL	8,000	–	–	15	NEW
COMMUNITY SERVICES	MIG - WARD 38 COMMUNITY HALL	900	1,995	2,095	38	UPGRADING
COMMUNITY SERVICES	MIG - KWAQANDA COMMUNITY HALL	–	3,000	5,500	6	EXISTING
COMMUNITY SERVICES	MIG - Ward 18 COMMUNITY HALL	8,500			18	NEW
COMMUNITY SERVICES	MIG - UNIT BB COMMUNITY HALL	8,500	–	–	17	NEW
COMMUNITY SERVICES	MIG - WARD 7 COMMUNITY HALL		–	9,000	7	UPGRADING
COMMUNITY SERVICES	MIG - WARD 29 COMMUNITY HALL	300	–	5,110	29	NEW
COMMUNITY SERVICES	MIG - WARD 24 COMMUNITY HALL	3,500	4,000	–	24	NEW
COMMUNITY SERVICES	MIG - WARD 8 COMMUNITY HALL	–	–	9,000	8	NEW
COMMUNITY SERVICES	MIG - WARD 13 COMMUNITY HALL	800	7,200		13	NEW
COMMUNITY SERVICES	MIG - MADIBA COMMUNITY HALL	800	2,850		34	NEW
COMMUNITY SERVICES	MIG - SWEETWATERS DUAL PURPOSE SPORT CENTRE	4,000		–	2	NEW
CORPORATE SERVICES	STITCHING MACHINE	200	200	200	ADM & HO	NEW
CORPORATE SERVICES	1X LAPTOP	25	25		ADM & HO	NEW
CORPORATE SERVICES	COMPUTERS	110	100		ADM & HO	NEW
CORPORATE SERVICES	DIGITAL RECORDERS	10			ADM & HO	NEW
CORPORATE SERVICES	COMPUTER	211			ADM & HO	NEW

KZN225 Msunduzi - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Program/Project description	2018/19 Medium Term Revenue & Expenditure Framework			Project information	
R thousand		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Parent municipality:						
List all capital projects grouped by Municipal Vote						
CORPORATE SERVICES	DOCUMENT MANAGEMENT SYSTEM	20,000			ADM & HO	NEW
CORPORATE SERVICES	DIGITAL RECORDER	37			ADM & HO	NEW
CORPORATE SERVICES	NETWORK REFRESH/REPLACING SERVERS	750	2,500	1,000	ALL ZONES	EXISTING
CORPORATE SERVICES	COMPUTERS	180	300	1,000	ALL ZONES	EXISTING
CORPORATE SERVICES	FIBRE REPLACEMENT	1,000	1,400	1,500	ALL ZONES	EXISTING
CORPORATE SERVICES	LAN/WAN - CABLING	1,500	1,000	1,921	23	UPGRADING
CORPORATE SERVICES	IP TELEPHONES	70	196	200	15	UPGRADING
CORPORATE SERVICES	LAPTOPS/ DESKTOPS	30	100		20	UPGRADING
INFRASTRUCTURE	ALNS:ZA:DBSA - NETWORK 132KV REHAB PLAN	42,041	–		ALL ZONES	UPGRADING
INFRASTRUCTURE	I P Phones	40				UPGRADING
INFRASTRUCTURE	Computers	60				UPGRADING
INFRASTRUCTURE	Capital equipment	2,000	6,000	5,000		UPGRADING
INFRASTRUCTURE	Network Refurbishment	4,000	3,675	4,675		UPGRADING
INFRASTRUCTURE	Computers	32				UPGRADING
INFRASTRUCTURE	Air conditioner	35				UPGRADING
INFRASTRUCTURE	Workshop Tools	183				UPGRADING
INFRASTRUCTURE	Rudimentary Water Scheme	1,405	1,500	2,000	39	UPGRADING
INFRASTRUCTURE	Reservoir Fencing	1,500	1,000	1,000	15, 10, 17, 18	UPGRADING
INFRASTRUCTURE	Telemetry and Control Upgrades	500	1,500	1,500	15, 10, 17, 18, 14	UPGRADING
INFRASTRUCTURE	Vehicles	1,000	1,000	1,500		UPGRADING
INFRASTRUCTURE	Plant and Equipment	200	500	500		UPGRADING
INFRASTRUCTURE	Sanitation Pump Stations	1,000	675	675	35, 25, 36	UPGRADING
INFRASTRUCTURE	Vulindela Satellite office		1,000	1,000	1-9, 39	UPGRADING
INFRASTRUCTURE	ED 2 and ED 4 system Upgrade	500	1,000	1,500	14, 21, 11, 10, 16,	UPGRADING
INFRASTRUCTURE	Water Pump Stations		1,500		11, 14, 21, 10, 16	UPGRADING
INFRASTRUCTURE	TRAFFIC CALMING MEASURES	500				EXISTING
INFRASTRUCTURE	PMS	4,105	9,475	9,425		UPGRADING
INFRASTRUCTURE	Lester Brown	2,400				EXISTING
INFRASTRUCTURE	SMALL PLANTS (PEDESTRIAN ROLLERS, BRUSH CUTTERS AND CHAINS	100	200	250		EXISTING
INFRASTRUCTURE	TRAFFIC SIGNAL SPARES	300				NEW
INFRASTRUCTURE	NEW:COMPUTER EQUIPMENT	100				EXISTING
INFRASTRUCTURE	INSTALLAT OF NEW GUARD RAILS	300				EXISTING
INFRASTRUCTURE	NEW CONRETE CASTING YARD CHANGE ROOMS	300				UPGRADING
INFRASTRUCTURE	UPGRADING OF GRAVEL ROAD -VULINDLELA - WARD 1	5,000			23	EXISTING
INFRASTRUCTURE	MIG - REHABILITATION OF ROADS IN ASHDOWN	1,500	1,433	1,504	26	EXISTING
INFRASTRUCTURE	MIG - UPGRADING OF ROADS IN PEACE VALLEY - 10km	7,569	6,665	6,497	15	EXISTING
INFRASTRUCTURE	MIG - REHABILITATION OF ROADS IN IMBALI UNIT 18	400	1,365	1,433	20	EXISTING
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - GREATER EDENDALE - CALUZ	1,300	1,365	1,433	12	EXISTING
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - GREATER EDENDALE - Ward 12	1,300	1,365	1,433	10	EXISTING
INFRASTRUCTURE	MIG - UPGRADE OF GRAVEL ROADS - WILLOWFOUNTAIN ROADS		3,000	–	16	EXISTING
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - EDENDALE - WARD 16	1,000	–	–	12	EXISTING
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - EDENDALE - STATION RD	4,000	1,200	–	18	EXISTING
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - EDENDALE - Roads in Unit 14/Unit P - Desigr		800	–	17	NEW
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - GREATER EDENDALE - WARD 1	900	945	992	21	NEW
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - EDENDALE - DAMBUZA MAIN F	1,500	1,500	–	2	NEW
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - D2069 (MTHALA	4,390	8,043	–	11	NEW
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - GREATER EDENDALE - Snathin	2,900	2,100	2,205	3	UPGRADING
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 3 ROADS	2,000	2,100	6,000	20	NEW
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - GREATER EDENDALE - HAREW	2,400	2,520	6,000	1	NEW
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 1 ROADS	5,000	5,250	6,000	4	NEW
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 4 ROADS	2,000	2,100	2,205	5	UPGRADING
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 5 ROADS	2,510	5,941	8,785	6	NEW
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 6 ROADS	2,000	2,100	2,205	7	UPGRADING
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 7 ROADS	2,000	2,100	2,205	8	NEW
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 8 ROADS	2,000	2,100	2,205	9	NEW
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 9 ROADS	2,000	2,100	2,205	39	UPGRADING
INFRASTRUCTURE	MIG - UPGRADING OF GRAVEL ROADS - VULINDLELA - WARD 39 ROAD	2,000	2,000	5,000	12	UPGRADING
INFRASTRUCTURE	MIG - UPGRADE OF BRIDGES - Pedestrian Bridge Over River - Smero/Esi	1,300	1,365	1,433	33 ,35	UPGRADING
INFRASTRUCTURE	MIG - WOODHOUSE PEDESTRIAN BRIDGE	3,440	4,557	–	2	UPGRADING
INFRASTRUCTURE	MIG - MABANE BRIDGE PROJECT	–	5,000	2,095	1 to 39	UPGRADING
INFRASTRUCTURE	MIG - BUS STOP SHELTERS	1,200	1,260	1,323	13,14,15, 24	EXISTING
INFRASTRUCTURE	MIG - NON MOTORISED TRANSPORT	2,000	2,100	2,205	15,16,19, 25,26,28,	EXISTING
INFRASTRUCTURE	MIG - REHABILITATION OF SANITATION INFRASTRUCTURE	6,265	5,578	6,907	16	NEW
INFRASTRUCTURE	MIG - SEWER PIPES UNIT H	13,726	10,810	11,451	10	NEW
INFRASTRUCTURE	MIG - SEWER PIPES AZALEA - PHASE 2	4,019	9,500	11,125	21	NEW
INFRASTRUCTURE	MIG - ELIMINATION OF CONSERVANCY TANKS - (SEWER)	5,000	4,250	5,513	15	NEW
INFRASTRUCTURE	MIG - SERVICE MIDBLOCK ERADICATION IN SOBANTU, ASHDOWN & IM	4,400	4,620	4,851	10.18	EXISTING
INFRASTRUCTURE	MIG - SHENSTONE AMBLETON SANITATION SYSTEM	5,401	6,195	6,505	10 to 37	EXISTING
INFRASTRUCTURE	MIG -REDUCTION OF NON REVENUE WATER	10,354	12,070	12,774	21	EXISTING
INFRASTRUCTURE	MIG - ELIMINATION OF CONSERVANCY TANKS - (WATER)	900	945	1,005	15	EXISTING
INFRASTRUCTURE	MIG - SERVICE MIDBLOCK ERADICATION IN SOBANTU, ASHDOWN & IM	4,400	4,620	6,000	30	EXISTING
INFRASTRUCTURE	MIG - COPESVILLE RESERVOIR	6,213	10,600	4,000	1 to 39	EXISTING
INFRASTRUCTURE	MIG - HIGH MAST LIGHTS IN VULINDLELA & GREATER EDENDALE	5,400	5,670	6,710	1 to 39	EXISTING
INFRASTRUCTURE	PUBLIC TRANSPORT SYSTEM	150,331	152,056	162,470	1,2,3,4,5,6,7,8,9,14	NEW
INFRASTRUCTURE	WSIG:ZA:REDUCTION OF NON REVENUE WATER	10,000	10,000	12,000	1 to 39	NEW
INFRASTRUCTURE	WSIG:ZA:BASIC WATER SUPPLY	30,000	31,000	31,255	1 to 39	NEW
SUSTAINABLE DEVELOPMENT AND	AIR POLLUTION STATION(EDN)	1,500	1,500	1,500	1 to 39	NEW
SUSTAINABLE DEVELOPMENT AND	COMPUTERS	60	60	60	1 to 39	NEW
SUSTAINABLE DEVELOPMENT AND	FLEET	540	540	540	various	NEW
SUSTAINABLE DEVELOPMENT AND	LAB EQUIPMENT	250	250	250	ALL ZONES	NEW
SUSTAINABLE DEVELOPMENT AND	COMPUTERS	100	100	100	ALL ZONES	NEW
SUSTAINABLE DEVELOPMENT AND	COMPUTERS	200	200	200	ADM & HO	NEW
SUSTAINABLE DEVELOPMENT AND	COLD ROOM	500	500	500	ADM & HO	NEW
SUSTAINABLE DEVELOPMENT AND	EQUIPMENT	1,500	1,500	1,500	21	NEW
SUSTAINABLE DEVELOPMENT AND	FENCING	2,780	2,780	2,780	various	NEW
SUSTAINABLE DEVELOPMENT AND	COMPUTERS	50	50	50	various	NEW
SUSTAINABLE DEVELOPMENT AND	LIGHT INDUSTRIAL HUB	2,000	2,000	2,000	various	NEW
SUSTAINABLE DEVELOPMENT AND	FLEET	300	300	300	various	NEW
SUSTAINABLE DEVELOPMENT AND	OSS INFRASTRUCTURE	2,000	2,000	2,000	various	NEW
SUSTAINABLE DEVELOPMENT AND	MIG - JIKA JOE CRU	9,666	10,000	11,763	various	NEW
SUSTAINABLE DEVELOPMENT AND	NDPG:EDENDALE TOWN CENTRE: Promenade 2	20,700	–	–	various	EXISTING
SUSTAINABLE DEVELOPMENT AND	NDPG:EDENDALE TOWN CENTRE: Civic Building,Informal Trading Stalls	21,657	–	–	various	EXISTING
SUSTAINABLE DEVELOPMENT AND	NDPG:EDENDALE TOWN CENTRE: Civic Building,Informal Trading Stalls	–	25,645	–		EXISTING
SUSTAINABLE DEVELOPMENT AND	NDPG:EDENDALE TOWN CENTRE: stage 4	–	–	53,210		EXISTING
Parent Capital expenditure		571,382	517,145	567,606	1	

Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
 Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the City's website.

2. Internship programme
 The City is participating in the Municipal Financial Management Internship programme and has employed a number of interns who undergoing training in various divisions of the Financial Services Department, as well as other sector departments especially in the technical and services sector.

3. Budget and Treasury Office
 The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee
 An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan
 The detail SDBIP document is at a draft stage and will be finalised after approval of the 2018/19 MTREF in May 2018 directly aligned and informed by the 2018/19 MTREF.

6. Annual Report
 Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.13 Other supporting documents

Table 45 MBRR Table SA1 - Supporting detail to budgeted financial performance

KZN225 Msunduzi - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		1,041,717	1,113,081	1,188,958	1,266,527	1,266,527	1,266,527	1,266,527	1,342,518	1,423,069	1,508,454
less Revenue Foregone (exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		355,321	371,029	393,080	416,680	416,680	416,680	416,680	441,681	468,182	496,273
Net Property Rates		686,396	742,052	795,878	849,846	849,846	849,846	849,846	900,837	954,887	1,012,180
Service charges - electricity revenue	6										
Total Service charges - electricity revenue		1,568,107	1,800,657	1,867,411	2,040,851	2,040,851	2,040,851	2,040,851	2,180,445	2,329,587	2,488,931
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		564	603	644	688	688	688	688	735	785	839
less Cost of Free Basis Services (50 kwh per indigent household per month)		1,410	1,506	1,610	1,720	1,720	1,720	1,720	1,837	1,963	2,097
Net Service charges - electricity revenue		1,566,133	1,798,548	1,865,158	2,038,443	2,038,443	2,038,443	2,038,443	2,177,873	2,326,839	2,485,995
Service charges - water revenue	6										
Total Service charges - water revenue		576,760	605,842	606,110	868,278	764,448	764,448	764,448	761,134	869,976	994,382
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)											
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		124,318	132,821	141,906	151,612	151,612	151,612	151,612	150,960	172,547	197,222
Net Service charges - water revenue		452,443	473,021	464,204	716,666	612,836	612,836	612,836	610,173	697,428	797,160
Service charges - sanitation revenue											
Total Service charges - sanitation revenue		136,168	135,634	131,682	162,852	139,864	139,864	139,864	148,256	157,152	166,581
less Revenue Foregone (in excess of free sanitation service to indigent households)											
less Cost of Free Basis Services (free sanitation service to indigent households)		8,652	9,243	9,876	5,551	10,551	10,551	10,551	11,184	11,855	12,567
Net Service charges - sanitation revenue		127,516	126,391	121,806	157,301	129,313	129,313	129,313	137,072	145,296	154,014
Service charges - refuse revenue	6										
Total refuse removal revenue		86,169	89,181	94,208	109,403	105,901	105,901	105,901	112,255	118,991	126,130
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		4,625	4,942	5,280	3,474	5,641	5,641	5,641	5,979	6,338	6,718
Net Service charges - refuse revenue		81,544	84,240	88,928	105,929	100,260	100,260	100,260	106,276	112,653	119,412
Other Revenue by source											
Airport		6,343	7,281	11,899	20,053	14,714	14,714	14,714	12,378	12,625	12,502
Forestry		23,794	14,067	22,988	38,743	28,428	28,428	28,428	23,914	24,392	24,153
Market		20,229	16,563	27,067	45,617	33,472	33,472	33,472	28,157	25,788	28,438
Burials & Crematoriums		2,487	2,479	4,050	6,826	5,009	5,009	5,009	4,214	4,298	4,256
Buildings		2,114	2,127	3,475	5,857	4,298	4,298	4,298	3,615	3,688	3,652
Reconnections		13,954	10,735	17,543	29,567	21,695	21,695	21,695	18,250	18,615	18,432
Training Levy Recoveries		2,983	370	605	1,019	748	748	748	629	642	635
Illegal connection fee		2,079	2,250	3,677	6,197	4,547	4,547	4,547	3,825	3,902	3,863
Rates Certificates		1,008	1,082	1,768	2,979	2,186	2,186	2,186	1,839	1,876	1,857
Parking fees		1,541	1,573	2,571	4,333	3,180	3,180	3,180	2,675	2,728	2,702
Other Revenue		12,689	7,821	12,782	106,157	77,894	77,894	77,894	65,524	72,700	81,039
Sundry Income	3			-							
Total 'Other' Revenue	1	89,221	66,348	108,426	267,351	196,172	196,172	196,172	165,019	171,254	181,529
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2	562,665	621,617	655,679	826,649	834,389	834,389	834,389	887,641	949,776	1,016,261
Pension and UIF Contributions		10,767	11,521	5,691	154,199	156,779	156,779	156,779	167,178	185,110	204,765
Medical Aid Contributions		154,656	149,748	188,168	54,664	54,664	54,664	54,664	62,317	66,679	71,347
Overtime		38,098	49,205	56,664	52,475	52,475	52,475	52,475	59,821	64,009	68,489
Performance Bonus											
Motor Vehicle Allowance		40,026	53,162	63,964	18,342	20,277	20,277	20,277	23,116	24,734	26,466
Cellphone Allowance					418	418	418	418	476	509	545
Housing Allowances		3,026	4,475	4,904	6,291	6,936	6,936	6,936	7,908	8,461	9,053
Other benefits and allowances					13,314	13,314	13,314	13,314	15,177	16,240	17,377
Payments in lieu of leave											
Long service awards		22,289	22,244	15,041	19,638	19,638	19,638	19,638	22,387	23,954	25,631
Post-retirement benefit obligations	4	50,089	36,903								
sub-total	5	881,616	948,875	990,111	1,145,989	1,158,889	1,158,889	1,158,889	1,246,021	1,339,473	1,439,933
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	881,616	948,875	990,111	1,145,989	1,158,889	1,158,889	1,158,889	1,246,021	1,339,473	1,439,933

KZN225 Msunduzi - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		464,536	503,507	583,989	536,470	460,960	460,960	460,960	467,691	491,076	515,630
Lease amortisation											
Capital asset impairment		16,571	782	13,078							
Depreciation resulting from revaluation of PPE	10										
Total Depreciation & asset impairment	1	481,107	504,289	597,068	536,470	460,960	460,960	460,960	467,691	491,076	515,630
Bulk purchases											
Electricity Bulk Purchases		1,164,244	1,337,394	1,479,188	1,444,034	1,564,977	1,564,977	1,564,977	1,547,030	1,660,273	1,781,805
Water Bulk Purchases		422,558	461,820	387,094	606,916	445,076	445,076	445,076	508,722	581,469	664,619
Total bulk purchases	1	1,586,802	1,799,214	1,866,283	2,050,950	2,010,053	2,010,053	2,010,053	2,055,752	2,241,742	2,446,424
Transfers and grants											
Cash transfers and grants		11,572	26,544	36,447	8,901	8,901	8,901	8,901	57,140	60,969	64,055
Non-cash transfers and grants		–	–	–	–	–	–	–	–	–	–
Total transfers and grants	1	11,572	26,544	36,447	8,901	8,901	8,901	8,901	57,140	60,969	64,055
Contracted services											
ACCOUNTANTS AND AUDITORS		7	103	124	94	120	120	120	124	126	140
ACCOUNTING AND AUDITING		568	8,835	10,640	8,040	10,274	10,274	10,274	10,582	10,794	11,981
AIR POLUTION		66	1,020	1,228	928	1,186	1,186	1,186	1,222	1,246	1,383
AIR TRAFFIC CONTROL		323	5,019	6,044	4,567	5,836	5,836	5,836	6,011	6,131	6,806
ALIEN VEGETATION CONTROL		18	284	342	258	330	330	330	340	347	385
ANIMAL CARE		65	1,016	1,223	924	1,181	1,181	1,181	1,217	1,241	1,378
AUDIO VISUALS		1	18	22	16	21	21	21	21	22	24
BURIAL SERVICES		18	275	331	250	320	320	320	330	336	373
CATERING SERVICES		355	5,521	6,649	5,024	6,420	6,420	6,420	6,612	6,745	7,487
COLLECTIONS RESEARCH		531	8,264	9,952	7,520	9,609	9,609	9,609	9,898	10,096	11,206
CONTROL AND FUMIGATION		1	13	16	12	15	15	15	15	16	18
DECORATIONS		1	16	19	14	18	18	18	19	19	22
DISCONNECTIONS		135	2,103	2,532	1,913	2,445	2,445	2,445	2,519	2,569	2,852
ELECTRICAL		11	172	207	157	200	200	200	206	210	233
EMPLOYEE WELLNESS		17	258	311	235	300	300	300	309	315	350
EVENT PROMOTER		1	19	23	17	22	22	22	22	23	25
EXTERNAL STAFF		21	329	396	299	382	382	382	394	402	446
FIRE PROTECTION		1	14	17	13	16	16	16	16	17	19
FIRE SERVICES		1	19	23	17	22	22	22	23	23	26
FIRST AID		1	18	22	17	21	21	21	22	23	25
GAS		3	50	60	46	58	58	58	60	61	68
GRAPHIC DESIGNS		19	301	362	274	350	350	350	361	368	408
GRASS CUTTING		805	12,518	15,076	11,391	14,557	14,557	14,557	14,994	15,294	16,976
HR FEES		8	129	155	117	150	150	150	155	158	175
INFRASTR./PLANNING-ARCHITECTURAL		655	10,197	12,281	9,279	11,858	11,858	11,858	12,214	12,458	13,828
LEGAL FEES		823	12,805	15,421	11,652	14,890	14,890	14,890	40,029	64,540	79,713
MEDICAL EXAMINATIONS		5	85	102	77	99	99	99	102	104	115
MEDICAL SERVICES		34	523	630	476	609	609	609	627	640	710
ORGANISATIONAL		5,549	86,318	103,955	78,545	100,375	100,375	100,375	119,886	88,357	65,961
PREPAID ELECTRICITY VENDORS		132	2,054	2,474	1,869	2,389	2,389	2,389	2,461	2,510	2,786
PRIVATE PARTY WORK		666	10,363	12,480	9,429	12,050	12,050	12,050	12,412	12,660	14,052
PROJECT MANAGEMENT		2,264	35,217	42,412	32,046	40,952	40,952	40,952	55,952	57,205	59,866
QUALITY CONTROL-BACTERIOLOGICAL EXAMIN		11	172	207	157	200	200	200	206	210	233
REFUSE REMOVAL SMME		373	5,805	6,991	5,282	6,750	6,750	6,750	6,953	7,092	7,872
REFUSE REMOVAL SMMES		39	610	735	555	709	709	709	731	745	827
REPAIRS AND MAINTENANCE		8,561	133,184	160,398	121,192	154,873	154,873	154,873	159,519	162,710	180,608
RESEARCH AND ADVISORY		1,300	20,221	24,353	18,400	23,514	23,514	23,514	24,219	24,704	27,421
SAFEGUARD SECURITY		36	562	677	512	654	654	654	673	687	762
SECURITY		5,265	81,911	98,648	74,536	95,159	95,159	95,159	98,013	99,974	110,971
SEWERAGE SERVICES		669	10,400	12,525	9,463	12,093	12,093	12,093	12,456	12,705	14,103
SPORTS AND RECREATION		4	69	83	63	80	80	80	82	84	93
STAGE AND SOUND CREW		8	129	155	117	150	150	150	155	158	175
STREAM CLEANING AND DITCHING		16	243	292	221	282	282	282	290	296	329
TRAFFIC AND STREET LIGHTS		78	1,213	1,460	1,103	1,410	1,410	1,410	1,452	1,481	1,644
TRANSLATORS		3	44	53	40	51	51	51	52	53	59
TRANSPORTATION		70	1,090	1,313	992	1,268	1,268	1,268	1,306	1,332	1,478
VALUATION SERVICES		144	2,236	2,693	2,035	2,600	2,600	2,600	2,678	2,732	3,032
WATER		16	243	292	221	282	282	282	290	296	329
sub-total	1	29,698	462,005	556,406	420,405	537,150	537,150	537,150	608,229	610,312	649,772
Allocations to organs of state:											
Electricity											
Water											
Sanitation											
Other											
Total contracted services		29,698	462,005	556,406	420,405	537,150	537,150	537,150	608,229	610,312	649,772
Other Expenditure By Type											
Collection costs		7,207	1,916	2,343	5,163	5,163	5,163	5,163	3,614	3,795	3,984
Contributions to 'other' provisions			–	–	–	–	–	–			
Consultant fees		39,947	10,621	12,988	28,616	28,616	28,616	28,616	20,032	15,632	16,458
Audit fees		8,398	2,233	2,730	6,016	6,016	6,016	6,016	4,211	4,337	4,511
General expenses	3	193,613	51,478	62,947	138,696	138,696	138,696	138,696	82,395	79,391	80,897
Other		240,357	63,907	78,145	172,181	54,408	54,408	54,408	30,586	31,503	32,763
External Services		8,494	2,258	2,762	6,085	6,085	6,085	6,085	4,259	4,387	4,563
Petrol & Lubricants		4,599	1,223	1,495	3,294	3,294	3,294	3,294	2,306	2,375	2,470
Insurance		24,938	6,631	8,108	17,865	17,865	17,865	17,865	12,505	12,880	13,396
Forestry		7,675	2,041	2,495	5,498	5,498	5,498	5,498	3,849	3,964	4,123
Plant Hire		5,752	1,529	1,870	4,121	4,121	4,121	4,121	2,885	2,971	3,090
Marketing & Promotion		2,910	774	946	2,085	2,085	2,085	2,085	1,459	1,503	1,563
Govt Training Levy		4,599	1,223	1,495	3,294	3,294	3,294	3,294	2,306	2,375	2,470
Ward Committee Expenses		6,163	1,639	2,004	4,415	4,415	4,415	4,415	3,090	3,183	3,310
Telephones		3,769	1,002	1,225	2,700	2,700	2,700	2,700	1,890	1,947	2,024
Ward Committee Costs		5,471	1,455	1,779	3,919	3,919	3,919	3,919	2,743	2,826	2,939
Small Medium & Micro Enterprises (Smme)		3,399	904	1,105	2,435	2,435	2,435	2,435	1,704	1,755	1,826
Kwanalogo Subscriptions		10,987	2,921	3,572	7,871	7,871	7,871	7,871	5,509	5,675	5,902
Mayoral Projects		5,556	1,477	1,806	3,980	3,980	3,980	3,980	2,786	2,870	2,985
Special Projects		3,204	852	1,042	2,295	2,295	2,295	2,295	1,606	1,655	1,721
Software Licences		13,597	3,615	4,421	9,740	9,740	9,740	9,740	6,818	7,023	7,304
IDP Expenses		3,473	923	1,129	2,488	2,488	2,488	2,488	1,741	1,794	1,865
Personnel - Training		4,885	1,299	1,588	3,499	3,499	3,499	3,499	2,450	2,523	2,624
Bank Charges		8,145	2,166	2,648	5,835	5,835	5,835	5,835	4,084	4,207	4,375
Consolidated Billing Costs		3,157	839	1,026	2,262	2,262	2,262	2,262	1,583	1,631	1,696
pension payable											
Total 'Other' Expenditure	1	620,296	164,926	201,669	444,351	326,578	326,578	326,578	206,413	202,201	208,858
Repairs and Maintenance	8										
Employee related costs											
Other materials											
Contracted Services		193,317	162,844		277,871	173,876	173,876	173,876	212,407	222,796	250,642
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	193,317	162,844	–	277,871	173,876	173,876	173,876	212,407	222,796	250,642

Table 46 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN225 Msunduzi - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description R thousand	Ref 1	Vote 1 - City Manager	Vote 2 - City Finance	Vote 3 - Community Services and Social Equity	Vote 4 - Corporate Services	Vote 5 - Infrastructure Services	Vote 6 - Sustainable Development and City Enterprises	Total
Revenue By Source								
Property rates			1,266,527					1,266,527
Service charges - electricity revenue						2,040,851		2,040,851
Service charges - water revenue						764,448		764,448
Service charges - sanitation revenue						139,864		139,864
Service charges - refuse revenue				112,255				112,255
Service charges - other				313,990				313,990
Rental of facilities and equipment			6,375	9,304		393	9,367	25,439
Interest earned - external investments			37,968					37,968
Interest earned - outstanding debtors			2,481	7,253		101,866		111,600
Dividends received								–
Fines, penalties and forfeits			46,070	21,061		4,894	36	72,061
Licences and permits							100	100
Agency services								–
Other revenue		0	121,772	11,520	(2,094)	25,681	25,523	182,403
Transfers and subsidies			252,199	37,646		241,063		530,907
Gains on disposal of PPE								–
Total Revenue (excluding capital transfers and cont		0	1,733,392	513,029	(2,094)	3,319,060	35,027	5,598,414
Expenditure By Type								
Employee related costs		57,678	158,498	498,758	121,769	308,230	106,473	1,251,407
Remuneration of councillors		48,573						48,573
Debt impairment			110,178					110,178
Depreciation & asset impairment		1,259	84,366	68,858	6,190	277,681	29,338	467,691
Finance charges		30	4,479	3,669		41,420		49,599
Bulk purchases		71	127	604		2,054,916	35	2,055,752
Other materials		250	32,966	8,872	2,041	18,365	968	63,462
Contracted services		60,869	79,499	113,544	9,429	248,097	79,954	591,392
Transfers and subsidies								–
Other expenditure		42,459	507,061	35,332	33,656	204,826	65,137	888,472
Loss on disposal of PPE								–
Total Expenditure		211,190	977,174	729,636	173,086	3,153,535	281,906	5,526,527
Surplus/(Deficit)		(211,189)	756,218	(216,607)	(175,179)	165,525	(246,880)	71,887
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)								–
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)				20,790		288,476	97,098	406,364
Transfers and subsidies - capital (in-kind - all)								–
Surplus/(Deficit) after capital transfers & contributions		(211,189)	756,218	(195,817)	(175,179)	454,001	(149,782)	478,251

Table 47 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN225 Msunduzi - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS										
Call investment deposits										
Call deposits	349,548	577,199	455,728	929,931	449,602	449,602	449,602	574,359	787,152	1,019,337
Other current investments	395,922	310,000	213,954							
Total Call investment deposits	745,471	887,199	669,683	929,931	449,602	449,602	449,602	574,359	787,152	1,019,337
Consumer debtors										
Consumer debtors	717,015	1,112,206	1,013,847	2,411,048	2,411,048	2,411,048	2,411,048	2,804,271	3,227,981	3,684,858
Less: Provision for debt impairment				(1,181,343)	(1,181,343)	(1,181,343)	(1,181,343)	(1,291,521)	(1,408,310)	(1,532,106)
Total Consumer debtors	717,015	1,112,206	1,013,847	1,229,705	1,229,705	1,229,705	1,229,705	1,512,750	1,819,672	2,152,752
Debt impairment provision										
Balance at the beginning of the year				1,077,401	1,077,401	1,077,401	1,077,401	1,181,343	1,291,521	1,408,310
Contributions to the provision				103,942	103,942	103,942	103,942	110,178	116,789	123,796
Bad debts written off										
Balance at end of year	–	–	–	1,181,343	1,181,343	1,181,343	1,181,343	1,291,521	1,408,310	1,532,106
Property, plant and equipment (PPE)										
PPE at cost/valuation (excl. finance leases)	9,562,451	9,883,404	10,496,435	10,238,616	10,358,753	10,358,753	10,358,753	10,925,135	11,439,280	12,006,886
Leases recognised as PPE					–	–	–			
Less: Accumulated depreciation	2,525,274	3,048,622	3,633,768	3,057,594	2,982,084	2,982,084	2,982,084	3,449,776	3,940,852	4,456,482
Total Property, plant and equipment (PPE)	7,037,177	6,834,781	6,862,667	7,181,022	7,376,669	7,376,669	7,376,669	7,475,360	7,498,429	7,550,405
LIABILITIES										
Current liabilities - Borrowing										
Short term loans (other than bank overdraft)	1,512	68,064	79,715							
Current portion of long-term liabilities	52,012	21,141	23,039	79,368	79,368	79,368	79,368	83,217	84,935	80,974
Total Current liabilities - Borrowing	53,524	89,205	102,754	79,368	79,368	79,368	79,368	83,217	84,935	80,974
Trade and other payables										
Trade and other creditors	566,105	549,548	759,176	890,496	186,789	186,789	186,789			
Unspent conditional transfers	134,857	253,356	80,276	276,042	–	–	–			
VAT	39,492	53,109	–	43,955	43,955	43,955	43,955			
Total Trade and other payables	740,454	856,013	839,452	1,210,493	230,744	230,744	230,744	–	–	–
Non current liabilities - Borrowing										
Borrowing	541,301	568,133	535,739	432,631	432,631	432,631	432,631	349,414	264,479	183,506
Finance leases (including PPP asset element)	2,099	3,117	–							
Total Non current liabilities - Borrowing	543,401	571,250	535,739	432,631	432,631	432,631	432,631	349,414	264,479	183,506
Provisions - non-current										
Retirement benefits	591,899	625,699	608,580	718,326	718,326	718,326	718,326	772,200	830,115	892,374
List other major provision items										
Refuse landfill site rehabilitation										
Other	61,850	67,041	56,007	65,882	65,882	65,882	65,882	65,882	65,882	65,882
Total Provisions - non-current	653,749	692,740	664,587	784,208	784,208	784,208	784,208	838,082	895,997	958,256
CHANGES IN NET ASSETS										
Accumulated Surplus/(Deficit)										
Accumulated Surplus/(Deficit) - opening balance	7,556,577	7,420,924	7,473,388	7,352,730	7,980,708	7,980,708	7,980,708	8,717,214	9,259,079	9,835,264
GRAP adjustments										
Restated balance	7,556,577	7,420,924	7,473,388	7,352,730	7,980,708	7,980,708	7,980,708	8,717,214	9,259,079	9,835,264
Surplus/(Deficit)	48,995	52,465	(236,399)	494,087	454,725	454,725	454,725	478,251	501,581	562,211
Appropriations to Reserves										
Transfers from Reserves										
Depreciation offsets										
Other adjustments										
Accumulated Surplus/(Deficit)	7,605,573	7,473,388	7,236,989	7,846,817	8,435,433	8,435,433	8,435,433	9,195,466	9,760,660	10,397,475
Reserves										
Housing Development Fund	53,883	76,525	79,572	52,685	52,685	52,685	52,685	52,685	52,685	52,685
Capital replacement	151,936	151,936	164,290	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Self-insurance				229	229	229	229	229	229	229
Other reserves										
Revaluation	52,129	52,129	51,028							
Total Reserves	257,948	280,590	294,890	152,914	152,914	152,914	152,914	152,914	152,914	152,914
TOTAL COMMUNITY WEALTH/EQUITY	7,863,521	7,753,979	7,531,879	7,999,731	8,588,347	8,588,347	8,588,347	9,348,380	9,913,574	10,550,389

KZN225 Msunduzi - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref.	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15 Outcome	2015/16 Outcome	2016/17 Outcome	Current Year 2017/18 Original Budget	2018/19 Medium Term Revenue & Expenditure Framework Outcome	Outcome	Outcome
Demographics												
Population		Census Count/Estimate		552 837	617	617	617	617	617	617	617	617
Females aged 5 - 14		Census Count/Estimate			60	60	60	60	60	60	60	60
Males aged 5 - 14		Census Count/Estimate			62	62	62	62	62	62	62	62
Females aged 15 - 34		Census Count/Estimate			122	122	122	122	122	122	122	122
Males aged 15 - 34		Census Count/Estimate			123	123	123	123	123	123	123	123
Unemployment		Census Count/Estimate			98	98	98	98	98	98	98	98
Monthly household income (no. of households)	1, 12											
No income						119,039	119,039	119,039	119,039	119,039	119,039	119,039
R1 - R1 600						77,281	77,281	77,281	77,281	77,281	77,281	77,281
R1 601 - R3 200						28,922	28,922	28,922	28,922	28,922	28,922	28,922
R3 201 - R6 400						22,852	22,852	22,852	22,852	22,852	22,852	22,852
R6 401 - R12 800						5968	5968	5968	5968	5968	5968	5968
R12 801 - R25 600						3086	3086	3086	3086	3086	3086	3086
R25 601 - R51 200						461	461	461	461	461	461	461
R52 201 - R102 400						581	581	581	581	581	581	581
R102 401 - R204 800						No Data	No Data	No Data	No Data	No Data	No Data	No Data
R204 801 - R409 600						No Data	No Data	No Data	No Data	No Data	No Data	No Data
R409 601 - R819 200						No Data	No Data	No Data	No Data	No Data	No Data	No Data
> R819 200												
Poverty profiles (no. of households)												
< R2 060 per household per month	13											
Insert description	2											
Household/demographics (000)												
Number of people in municipal area						617	617	617	617	617	617	617
Number of poor people in municipal area						134	No Data	No Data	No Data	No Data	No Data	No Data
Number of households in municipal area							134	134	134	134	134	134
Number of poor households in municipal area							No Data	No Data	No Data	No Data	No Data	No Data
Definition of poor household (R per month)												
Housing statistics	3											
Formal						67,899	67,899	67,899	67,899	67,899	67,899	67,899
Informal						10,369	10,369	10,369	10,369	10,369	10,369	10,369
Total number of households			-	-	-	78,268	78,268	78,268	78,268	78,268	78,268	78,268
Dwellings provided by municipality	4					134,390	134,390	134,390	134,390	134,390	134,390	134,390
Dwellings provided by provincials						2,155,151	2,155,151	2,155,151	2,155,151	2,155,151	2,155,151	2,155,151
Dwellings provided by private sector	5											
Total new housing dwellings			-	-	-	2,289,541	2,289,541	2,289,541	2,289,541	2,289,541	2,289,541	2,289,541
Economic	6											
Inflation/inflation outlook (CPIX)						4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Interest rate - borrowing						9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Interest rate - investment						5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Remuneration increases						7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Consumption growth (electricity)						8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Consumption growth (water)						8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Collection rates	7											
Property tax/service charges						89.5%	89.5%	89.5%	89.5%	89.5%	89.5%	89.5%
Rental of facilities & equipment						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - external investments						100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Interest - debtors						89.5%	89.5%	89.5%	89.5%	89.5%	89.5%	89.5%
Revenue from agency services												

Detail on the provision of municipal services for A10

Total municipal services	Ref.		2014/15 Outcome	2015/16 Outcome	2016/17 Outcome	Current Year 2017/18 Original Budget	Adjusted Budget	Full Year Forecast	2018/19 Medium Term Revenue & Expenditure Framework Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	80,873	81,128	81,490	83,120	83,120	83,120	84,782	86,478	90,207
		Piped water inside yard (but not in dwelling)	63,301	63,899	63,899	65,177	65,177	65,177	67,481	69,310	69,166
	8	Using public tap (at least min.service level)	3,116	4,710	6,396	6,524	6,524	6,524	6,654	6,787	6,923
	10	Other water supply (at least min.service level)	6,352	4,758	3,072	3,133	3,133	3,133	3,196	3,260	3,325
		Minimum Service Level and Above sub-total	153,642	154,495	154,857	157,954	157,954	157,954	162,113	165,835	169,622
	9	Using public tap (< min.service level)	6,396	6,396	6,396	6,524	6,524	6,524	6,654	6,787	6,923
	10	Other water supply (< min.service level)	3,955	2,740	2,740	2,795	2,795	2,795	1,851	1,408	966
		No water supply	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	10,351	9,136	9,136	9,319	9,319	9,319	8,505	8,195	7,889
		Total number of households	163,993	163,631	163,993	167,273	167,273	167,273	170,618	174,031	177,511
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	84,973	85,096	85,149	86,852	86,852	86,852	91,589	96,761	101,168
		Flush toilet (with septic tank)	8,372	8,372	8,319	8,485	8,485	8,485	8,655	8,828	9,005
		Chemical toilet	7,076	7,076	7,076	7,218	7,218	7,218	7,362	7,509	7,659
		Pit toilet (ventilated)	58,695	58,695	59,427	62,616	62,616	62,616	61,828	60,064	59,326
		Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
		Minimum Service Level and Above sub-total	159,116	159,239	159,971	165,170	165,170	165,170	169,434	173,163	177,158
		Bucket toilet	–	–	–	–	–	–	–	–	–
		Other toilet provisions (< min.service level)	4,877	4,754	4,022	2,102	2,102	2,102	1,184	868	354
		No toilet provisions	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	4,877	4,754	4,022	2,102	2,102	2,102	1,184	868	354
		Total number of households	163,993	163,993	163,993	167,273	167,273	167,273	170,618	174,031	177,511
		Energy:									
		Electricity (at least min.service level)	127,123	126,487	123,471	130,462	130,462	130,462	135,271	140,137	145,060
		Electricity - prepaid (min.service level)	24,203	24,839	26,285	26,811	26,811	26,811	27,347	27,894	28,452
		Minimum Service Level and Above sub-total	151,326	151,326	149,756	157,273	157,273	157,273	162,618	168,031	173,511
		Electricity (< min.service level)	–	–	1,570	–	–	–	–	–	–
		Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
		Other energy sources	12,667	12,667	12,667	10,000	10,000	10,000	8,000	6,000	4,000
		Below Minimum Service Level sub-total	12,667	12,667	14,237	10,000	10,000	10,000	8,000	6,000	4,000
		Total number of households	163,993	163,993	163,993	167,273	167,273	167,273	170,618	174,031	177,511
		Refuse:									
		Removed at least once a week	120,000	120,000	120,000	122,400	122,400	122,400	129,848	137,345	148,559
		Minimum Service Level and Above sub-total	120,000	120,000	120,000	122,400	122,400	122,400	129,848	137,345	148,559
		Removed less frequently than once a week	43,993	43,993	43,993	44,873	44,873	44,873	40,770	36,686	28,952
		Using communal refuse dump	–	–	–	–	–	–	–	–	–
		Using own refuse dump	–	–	–	–	–	–	–	–	–
		Other rubbish disposal	–	–	–	–	–	–	–	–	–
		No rubbish disposal	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	43,993	43,993	43,993	44,873	44,873	44,873	40,770	36,686	28,952
		Total number of households	163,993	163,993	163,993	167,273	167,273	167,273	170,618	174,031	177,511

Municipal in-house services	Ref.		2014/15 Outcome	2015/16 Outcome	2016/17 Outcome	Current Year 2017/18 Original Budget	Adjusted Budget	Full Year Forecast	2018/19 Medium Term Revenue & Expenditure Framework Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
		Household service targets (000)									
		Water:									
		Piped water inside dwelling	80,873	81,128	81,490	83,120	83,120	83,120	84,782	86,478	90,207
		Piped water inside yard (but not in dwelling)	63,301	63,899	63,899	65,177	65,177	65,177	67,481	69,310	69,166
	8	Using public tap (at least min.service level)	3,116	4,710	6,396	6,524	6,524	6,524	6,654	6,787	6,923
	10	Other water supply (at least min.service level)	6,352	4,758	3,072	3,133	3,133	3,133	3,196	3,260	3,325
		Minimum Service Level and Above sub-total	153,642	154,495	154,857	157,954	157,954	157,954	162,113	165,835	169,622
	9	Using public tap (< min.service level)	6,396	6,396	6,396	6,524	6,524	6,524	6,654	6,787	6,923
	10	Other water supply (< min.service level)	3,955	2,740	2,740	2,795	2,795	2,795	1,851	1,408	966
		No water supply	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	10,351	9,136	9,136	9,319	9,319	9,319	8,505	8,195	7,889
		Total number of households	163,993	163,631	163,993	167,273	167,273	167,273	170,618	174,031	177,511
		Sanitation/sewerage:									
		Flush toilet (connected to sewerage)	84,973	85,096	85,149	86,852	86,852	86,852	91,589	96,761	101,168
		Flush toilet (with septic tank)	8,372	8,372	8,319	8,485	8,485	8,485	8,655	8,828	9,005
		Chemical toilet	7,076	7,076	7,076	7,218	7,218	7,218	7,362	7,509	7,659
		Pit toilet (ventilated)	58,695	58,695	59,427	62,616	62,616	62,616	61,828	60,064	59,326
		Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
		Minimum Service Level and Above sub-total	159,116	159,239	159,971	165,170	165,170	165,170	169,434	173,163	177,158
		Bucket toilet	–	–	–	–	–	–	–	–	–
		Other toilet provisions (< min.service level)	4,877	4,754	4,022	2,102	2,102	2,102	1,184	868	354
		No toilet provisions	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	4,877	4,754	4,022	2,102	2,102	2,102	1,184	868	354
		Total number of households	163,993	163,993	163,993	167,273	167,273	167,273	170,618	174,031	177,511
		Energy:									
		Electricity (at least min.service level)	127,123	126,487	123,471	130,462	130,462	130,462	135,271	140,137	145,060
		Electricity - prepaid (min.service level)	24,203	24,839	26,285	26,811	26,811	26,811	27,347	27,894	28,452
		Minimum Service Level and Above sub-total	151,326	151,326	149,756	157,273	157,273	157,273	162,618	168,031	173,511
		Electricity (< min.service level)	–	–	1,570	–	–	–	–	–	–
		Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
		Other energy sources	12,667	12,667	12,667	10,000	10,000	10,000	8,000	6,000	4,000
		Below Minimum Service Level sub-total	12,667	12,667	14,237	10,000	10,000	10,000	8,000	6,000	4,000
		Total number of households	163,993	163,993	163,993	167,273	167,273	167,273	170,618	174,031	177,511
		Refuse:									
		Removed at least once a week	120,000	120,000	120,000	122,400	122,400	122,400	129,848	137,345	148,559
		Minimum Service Level and Above sub-total	120,000	120,000	120,000	122,400	122,400	122,400	129,848	137,345	148,559
		Removed less frequently than once a week	43,993	43,993	43,993	44,873	44,873	44,873	40,770	36,686	28,952
		Using communal refuse dump	–	–	–	–	–	–	–	–	–
		Using own refuse dump	–	–	–	–	–	–	–	–	–
		Other rubbish disposal	–	–	–	–	–	–	–	–	–
		No rubbish disposal	–	–	–	–	–	–	–	–	–
		Below Minimum Service Level sub-total	43,993	43,993	43,993	44,873	44,873	44,873	40,770	36,686	28,952
		Total number of households	163,993	163,993	163,993	167,273	167,273	167,273	170,618	174,031	177,511

Detail of Free Basic Services (FBS) provided	Ref.		2014/15 Outcome	2015/16 Outcome	2016/17 Outcome	Current Year 2017/18 Original Budget	Adjusted Budget	Full Year Forecast	2018/19 Medium Term Revenue & Expenditure Framework Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Electricity	Ref.	*Location of households for each type of FBS*									
List type of FBS service		Formal settlements - (50 kwh per indigent household per month Rands)	1,410,033	1,506,479	1,609,521	1,719,612	1,719,612	1,719,612	1,837,234	1,962,900	2,097,162
		Number of HH receiving this type of FBS	2,800	2,800	2,800	3,080	3,080	3,080	3,265	3,461	3,668
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Electricity for informal settlements	–	–	–	–	–	–	–	–	–
Water	Ref.	*Location of households for each type of FBS*									
List type of FBS service		Formal settlements - (6 kilolitre per indigent household per month Rands)	124,317,514	132,820,809	141,905,727	151,612,052	151,612,052	151,612,052	150,960,120	172,547,417	197,221,698
		Number of HH receiving this type of FBS	25,099	23,884	23,884	29,536	29,536	29,536	39,476	43,587	48,550
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Water for informal settlements	–	–	–	–	–	–	–	–	–
Sanitation	Ref.	*Location of households for each type of FBS*									
List type of FBS service		Formal settlements - (free sanitation service to indigent households)	8,651,639	9,243,409	9,875,657	5,550,784	10,551,150	10,551,150	11,184,219	11,855,272	12,566,588
		Number of HH receiving this type of FBS	25,099	23,884	23,884	29,536	29,536	29,536	39,476	43,587	48,550
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Sanitation for informal settlements	–	–	–	–	–	–	–	–	–
Refuse Removal	Ref.	*Location of households for each type of FBS*									
List type of FBS service		Formal settlements - (removed once a week to indigent households)	4,625,360	4,941,734	5,279,747	3,474,232	5,640,881	5,640,881	5,979,334	6,338,094	6,718,380
		Number of HH receiving this type of FBS	5,182	5,182	5,182	5,959	5,959	5,959	6,078	6,200	6,324
		Informal settlements (Rands)									
		Number of HH receiving this type of FBS									
		Informal settlements targeted for upgrading (Rands)									
		Number of HH receiving this type of FBS									
		Living in informal backyard rental agreement (Rands)									
		Number of HH receiving this type of FBS									
		Other (Rands)									
		Number of HH receiving this type of FBS									
		Total cost of FBS - Refuse Removal for informal settlements	–	–	–	–	–	–	–	–	–

2.14 Municipal manager's quality certificate

I Sizwe Hadebe, municipal manager of Msunduzi Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Sizwe Hadebe

Municipal manager of Msunduzi Municipality (KZN 225)

Signature _____

Date _____